FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,008 Thursday February 24 1983 D 8523 B

UK pay strategy has sprung a leak, Page 18

NEWS SUMMARY

GENERAL

Arafat backed on peace strategy

The Palestine Liberation Organisation's (PLO) parliament-in-exile strongly condemned terrorism yesterday in a move which may help to improve ties with European states though the call was linked to an attack on the U.S. and Israel.

At a crucial session in Algiers, PLO chief Yasser Arafat won room for manoeuvre to explore peaceful Middle East solutions – and avoided a major split in his movement.

At the same time, U.S. special envoy, Philip Habib arrived in Lebanon yesterday to continue his mission to secure the withdrawal of all Israeli, Syrian and Palestinian forces from Lebanon. Page 3

Namibia attack

South African troops launched a search and destroy attack no guerrilla insurgents in Namibia as peace talks on the disputed territory began. Page 3

IAEA rift heals

U.S. delegates are attending a meeting of the International Atomic Energy Agency's board of governors in Vienna, six months after a U.S. walkout in a row over Israel's credentials.

Assam flare-up

Troops were called out in Assam to deal with renewed violence as Prime Minister Indira Gandhi's Congress (I) Party swept the board in the state elections.

Hijack ends

The hijackers of a Libyan Airlines Boeing 727 surrendered at Malta's Luqa airport and freed their 160 hostages.

Chicago poll 'fraud'

Federal officials impounded ballots in the primary election for Chicago's mayor after a fraud allegation. Representative Harold Washington, seeking to become the city's first black mayor, was tipped to be ahead of incumbent Jane Byrne.

OECD report row

A political row erupted in Australia after claims that the Government "doctored" a report on the economy by the Organisation for Economic Co-operation and Development (OECD). Page 3

Andropov rallying call

Soviet leader Yuri Andropov called for changes in the way the economy was run in a keynote article marking the centenary of Karl Marx's death.

'No truce' for Pope

El Salvadorean troops and left-wing rebels were fighting on three fronts yesterday as Defence Minister Jose Guillermo stressed that there would be no ceasefire during the Pope's visit next month.

Coup plotters freed

Spain released seven coup plotters on the second anniversary of their failed takeover as the Government prepared to unveil broad military reforms today.

Briefly...

Brussels: Veteran cycle champion Romain Maes died, aged 69.

Indonesia: An ancient Buddhist temple re-opened after restoration costing $25m.

Quebec: A convict was sentenced to 25 year's jail for killing three guards in a prison riot.

Karachi: Police fired tear gas on hundreds of religious protesters in renewed unrest.

BUSINESS

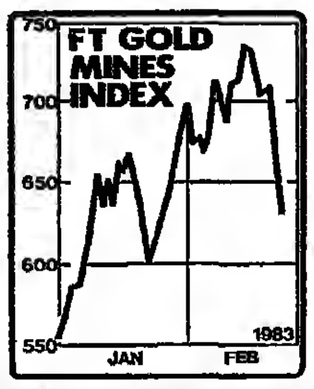
Japanese face new move on steel

● THE AMERICAN Iron and Steel Institute and eight major U.S. steel companies yesterday refiled a petition seeking to curb Japanese steel imports by 1.75m tonnes a year. Page 20

● DOLLAR rose to DM 2.419 (DM 2.412), FFr 6.86 (FFr 6.84), SwFr 2.034 (SwFr 2.02) and Y234.9 (Y234.15). Its Bank of England trade-weighted index stood at 119.8 (119.3). Page 44

● STERLING rose 25 points to $1.523, and to DM 3.6875 (DM 3.67), FFr 10.445 (FFr 10.4), SwFr 3.1 (SwFr 3.0725) and Y358 (Y356.25). Its trade-weighted index was 80.1 (79.7). Page 44

● GOLD lost $15.5 in London to $472.5. In Zurich, it shed $15 to $471.5 and in Frankfurt it lost $18 to $470.25. In New York the Comex February settlement was $467.9 ($480). Page 41



● LONDON: FT Industrial Ordinary index dropped 5.2 to 637.2. Government Securities edged up. Page 37. FT Share Information Service, Pages 42, 43.

● WALL STREET closed up 16.45 at 1096.85. Page 37. Full share listings Pages 38, 39.

● HONG KONG: Hang Seng index added 2.29 to close at 992.81. Pages 37, 40.

● TOKYO: Nikkei Dow index gained 13.49 to reach 7931.65. The Stock Exchange Index edged up 0.84 to 579.84. Pages 37, 40.

● FRANKFURT: Commerzbank index was unchanged at 791.3. Pages 37, 40.

● AUSTRALIA: All-Ordinaries index fell 8.8 to 495.4. Pages 37, 40.

● HONG KONG will sharply increase indirect taxes after a record budget deficit was forecast. Page 3

● TAIPEI district court has thrown out a suit by Apple Inc. of the U.S. accusing two Taiwanese firms of infringement of copyright. Page 4

● EUROPEAN Community's executive commission is to urge 10 member – countries to press for a 0.5 per cent cut in minimum lending rates charged on export credits.

Companies

● DOME Petroleum's Mr Jack Gallaher is resigning as chief executive. The group is negotiating a C$1bn ($819m) rescue package. Page 21

● SAINT GOBAIN, French state-owned industrial group, hopes to raise up to FFr 750m ($109m) next month in the first issue of "participatory certificates" sponsored by the Government. Page 21

● B F GOODRICH, U.S. tyre-maker, reported net loss of $32.8m for last year against a $109.5m profit in 1981. Page 21

● IG METALL, West Germany's biggest trade union, began to prepare for possible strikes in its pay campaign. Page 2

● NORTH American Philips Corporation has completed two deals, worth a total of $200m with Westinghouse. Page 21

Opec to hold key talks in search for oil price unity

BY ROGER MATTHEWS AND MICHAEL HOLMAN IN LONDON

AN EXTRAORDINARY meeting of the Organisation of Petroleum Exporting Countries (Opec) is to be held within a few days to decide on price cuts agreed yesterday by oil ministers meeting in Saudi Arabia.

Opec ministers are seeking urgent consultations with key producers outside the organisation, such as Britain Norway and Mexico, to improve chances for success at the meeting. It is admitted that failure at these talks could set off a savage price-cutting war.

A Mexican representative is expected in London today for talks with British officials. At the same time Opec continues its efforts to bring the dissidents, Nigeria, Libya and Iran, back into the fold.

At least six Opec members, headed by Saudi Arabia, are understood to have agreed on a cut in the *reference price from $34 to $30. If* the $4 cut fails to win full Opec acceptance, Saudi Arabia and its Gulf allies are prepared for more substantial reductions.

Sheikh Ahmed Zaki Yamani, the Saudi Oil Minister, said the six states were Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Iraq and Indonesia. Venezuela and Ecuador are also thought to have agreed to the $4 cut.

Nigeria, which broke Opec ranks at the weekend with a $5.50 price cut, reducing its Bonny Light to $30, was brought into the negotiations yesterday. Nigerian agreement on a new reference price is critical to efforts to halt a potential price slide.

Nigeria is understood to be willing to review and bring up its price, provided there is a binding agreement between Opec and non-Opec producers, including Britain, Norway and Mexico.

London officials said they had not been approached by the Gulf states for talks but confirmed that such discussions would be welcomed. The Government would favour an increase in price from Nigeria, but would not consider pressuring companies to cut their production levels.

Industry officials in Lagos say that Nigeria would not accept any proposal which leaves Bonny Light *more expensive than North Sea* crude oil – Bonny is now 50 cents less than North Sea. But reduction of this differential was open to negotiation, the officials said.

Two other conditions must be met before Nigeria reviews its reference price, the officials said.

Nigeria is likely to call for strict adherence to already agreed production quotas for Opec countries, and confirmation of a price differential of $1.50 for its premium grade crude oil.

The officials said that liftings have improved dramatically since the price cut to around 1m barrels a day (b/d) after a low earlier this month of 400,000 b/d. The month-end average is expected to be 750,000, slightly down on January and well below Nigeria's Opec quota of 1.3m b/d.

In an apparent reference to Nigeria, Shiekh Yamani said yesterday the Gulf producers would not enter a price war but would use their weight to make other producers rethink their positions. He said: "We have ample weight and power to make the others think twice before waging a price war against us."

The Saudi Minister refused to speculate on the size of the cuts. We said: "It depends no circumstances. If this happens we will do that, and if that happens we will do this."

The agreement in Riyadh came after two days of talks. Ministers from other Opec countries are expected in Saudi Arabia within the next 48 hours.

Dr Mana al Oteiba, the UAE Oil Minister, confirmed that, if there was no agreement within Opec, then the Gulf states "would slash

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Why prices may drop further, Page 8
Lombard, Page 19

Japanese Y300bn bond cancelled over rate row

BY ALAN FRIEDMAN IN LONDON AND JUREK MARTIN IN TOKYO

A Y300BN ($1.28bn) issue of Japanese 10-year government bonds planned for this month has been cancelled as a result of disagreements between Japanese underwriters and the Ministry of Finance over the interest level to be paid.

The underwriters, which include major commercial banks as well as Japanese securities houses, are refusing to accept the same terms as those on the January issue – a 7.5 per cent coupon at a price of 98.50, to yield 7.76 per cent on the grounds that they are too low.

Such a refusal is rare; when it last happened, in the summer of 1982, the result was an increase in the coupon paid on government bonds to 8 per cent from 7.5 per cent.

The cancellation of the February issue means that the Japanese Government, which must raise Y18,000bn in the fiscal year to March may have to increase its March offer by Y300bn to a total of between Y1,000bn and Y1,100bn.

The Japanese underwriters have baulked because the yields available on outstanding government 10-year bond issues are running about 25 to 30 basis points higher than the proposed 7.76 per cent yield on the February issue. The Finance Ministry, reluctant to allow Japanese interest rates to rise at a time when it is hoping to see them follow U.S. rates downward, insisted upon maintaining the January terms.

Negotiations are now resuming with the March issue in mind, but Japanese bankers say these will be tough. If Japanese interest rates decline before March, there is a considerable chance that prices on the currently flat secondary bond market could turn bullish and yields on existing issues could fall. This would strengthen the Finance Ministry's hand in insisting on a 7.5 per cent coupon level.

On the other hand, the Finance Ministry is now proceeding with a new West German-style placement worth Y300bn of 15-year floating rate notes.

This is the first time the Government has attempted such a placement to insurance companies, trust banks and other institutions. The maturity is longer than normal bonds and the interest level, 30 basis points over the 10-year government bond yield, is higher than is normal.

This placing, modelled loosely on German "Schuldschein" placements, does not replace the February public bond offer.

International capital markets, Page 36

IBM and Mitel plan UK exchange plant

BY GUY DE JONQUIERES IN LONDON

INTERNATIONAL Business Machines (IBM), of the U.S., the world's largest computer company, and Mitel, the Canadian telecommunications manufacturer, are discussing plans for the production in Britain of a new range of private exchanges to be sold internationally.

The exchanges (PABXs), would be made at a £32.5m ($49.4m) plant which Mitel has built recently near Newport, South Wales, and sold by IBM in Europe, the Middle East and Africa as well as in the UK.

IBM is also planning to phase out production of its existing PABX 3750 at its plant in Bordeaux. The 3750 was introduced 11 years ago and is nearing the end of its useful life.

IBM has made only small sales of telecommunications equipment to date, but plans to capture a much larger share of markets no both sides of the Atlantic. It is also interested in negotiating partnerships with European telecommunications companies.

The PABXs, which are expected to be made at Caldicot, Berkshire, would extend a collaborative arrangement with Mitel. IBM last year commissioned the Canadian company to develop a new "family" of switching systems.

IBM presently makes in its European factories most of the equipment which it sells in the region, though it purchases large quantities of components and some sub-assemblies from outside suppliers.

It has not collaborated with any companies in Europe, but in the U.S. it recently acquired 12 per cent of Intel, a leading semiconductor supplier. It is also discussing a proposal with Matsushita, the large Japanese electronics manufacturer.

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Rolm sues Plessey, Page 20

Superdrug starts on a high

By Dominic Lawson in London

DEALINGS in the shares of Superdrug Stores, the UK discount retailers of medicines and toiletries, got off to a hectic start on the London Stock Exchange yesterday.

The offer for sale of 25 per cent of Superdrug's equity last week was oversubscribed 95 times, the highest multiple of a new issue offer for 30 years.

Yesterday the shares opened at 295p each, a premium of 69 per cent over the 175p offer price, and capitalising the company at more than £100m.

At 9.30 am the crush around the dealers in the shares was intense. One dealer prominently displayed Superdrug promotional placards with slogans such as, "Low prices this week – low prices every week."

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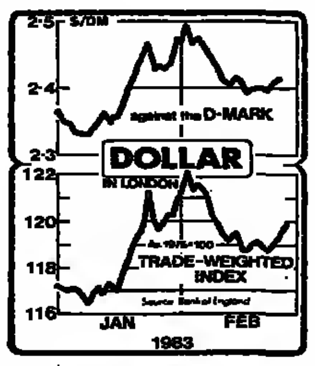

Dollar's early advance fades

By Jeremy Stone in London

APPREHENSION about the crude oil price again dominated the foreign exchange markets yesterday, but with conflicting effects as dealers struggled to weigh up the consequences of a reported agreement between the Gulf oil ministers on a new benchmark price.

For most of the day the dollar was very strong against all currencies. At one stage it reached its record high against the pound, which was then briefly traded at $1.5120.

"But the dollar is running around like a chicken with its head off," said one dealer: "You can find a thousand buyers at DM 2.415 and a thousand sellers at DM DM 2.425."

"People are very torn between last week's conviction that the dollar was fundamentally overvalued and this week's feeling that the U.S. may have the most to gain from cheaper oil."

The dollar buying ran out of steam late in the London trading day. Sterling recovered to close at $1.5230, 25 points higher than on Tuesday, and was also able to show a gain in its effective exchange rate of 0.4 to 80.1 on the Bank of England's index (which measures its value against a trade-weighted basket of currencies.)

The dollar also lost most of its early gains against the continental currencies, nevertheless closing in London at DM 2.4190, a gain of 70 points, and gaining 140 points on the Swiss franc to finish at SwFr 2.0340.

Gold again fell sharply as speculators continued to extricate themselves from the long positions taken up as the price showed signs, in recent weeks, of lifting off from its $500 platform.

Yesterday the bullion price closed in London at $472.50 an *ounce, making a two-day drop of* $32.

Money markets, Page 44

French banks and Saudis in Poclain rescue

BY DAVID MARSH IN PARIS

A MAJOR rescue package, involving a total of more than FFr 650m ($95m) in capital injections and bank loans and an equity stake from Saudi Arabia, has been agreed for Poclain, France's troubled construction equipment group.

The package, orchestrated at top level by the French finance and industry ministries, includes significant fresh equity injections into the group by nationalised banks.

Some banks – which already hold stakes in the company – have tried during the past few months of complex negotiations to avoid putting up extra capital. But, as a sign of the extent of Poclain's difficulties and of the Government's power to influence banking decisions, Credit Lyonnais, the No 2 French bank, confirmed last night that it was joining in a FFr 252m capital increase.

A Poclain spokesman yesterday could not give full details, but the plan is for the capital increase to be subscribed jointly by Case Tenneco, the U.S. construction group which owns 40 per cent of Poclain, by the Jeddah-based Arabian Auto Agency and by a group of French banks and financial organisations.

The banks will put up a further FFr 440m or more in a mixture of medium-term and long-term credits and subordinated loans, increasing the package to an overall FFr 650m-plus.

Some of this will represent refinancing of existing short-term debt. Along with Credit du Nord, Credit Lyonnais is the company's main banker.

The package was agreed in principle on Tuesday, but the funds will not be paid until April or May, according to spokesmen for Poclain and Credit Lyonnais yesterday.

The capital increase more than doubles Poclain's present capital of FFr 157m. This has proved to be sadly inadequate in the face of a sharp run-down in the building industry and losses of more than FFr 200m last year.

Poclain, France's largest construction plant-maker, has already announced a heavy redundancy programme and factory closures. It does not expect to return to the black until next year.

The effect of the capital increase will be to keep Case Tenneco's stake unchanged at 40 per cent, to give the Saudi Arabian partner *around 7 per cent, and to increase* the stake of 11 per cent owned by French financial institutions.

The Arabian Auto Agency is Poclain's agent in Saudi Arabia, and is owned by Emir Sudaeri, a member of the Kingdom's far-flung Royal Family.

Tenneco took its stake in 1977 as part of a previous rescue package made necessary by the first post-1973 collapse of the construction market.

Dei ors' economic strategy, Page 2

Caracas imposes exchange controls

BY KIM FUAD IN CARACAS

THE VENEZUELAN Government yesterday imposed selective foreign exchange controls in a move aimed at stemming massive capital flight. According to central bank figures, $738m left the country in the first two weeks of February.

Foreign exchange markets, which were closed on Sunday night, will remain closed for the rest of the week.

The decision was announced in the early hours of yesterday. It followed four days of heated debate within the Cabinet in which a proposed 45 per cent devaluation of the bolivar was defeated by Dr Arturo Sosa, the Finance Minister.

Dr Sosa said that the current rate of 4.30 to the dollar would be maintained for payment of public and private sector debt, government expenditures abroad, imports of essential goods and services, expenses of students abroad, and dollar purchases made by the state-owned oil and iron industries and the Venezuelan investment fund.

Dr Sosa, with other members of President Luis Herrera Campins' Cabinet, had strongly opposed a proposal by Sr Leopoldo Dias Bruzual, Central Bank president, that the bolivar be devalued by about 45 per cent.

The deteriorating economic situation has forced Venezuela to seek re-negotiation of more than the estimated $9bn in short-term public sector foreign debt falling due this year. The country's foreign debt totals $23.4bn.

CONTENTS

Nato considers cutting up to 2,000 nuclear weapons in Europe

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

SENIOR OFFICIALS of the North Atlantic Treaty Organisation are preparing a report for defence ministers which could recommend cuts of up to 2,000 nuclear weapons in Western Europe.

The High Level Group (HLG) of senior alliance officials met in California earlier this month to assess how far Nato could cut its stockpile of some 6,000 nuclear warheads in Europe without jeopardising its nuclear deterrence strategy.

It will submit an interim report to the Nuclear Planning Group of defence ministers in Portugal next month. The ministers will decide, probably in the autumn, what action to take.

The HLG's study, which began last year, is concerned principally with so-called battlefield nuclear weapons. These range from nuclear artillery shells and short-range missiles to bombs dropped by aircraft. Most, but not all, are owned and operated by the United States. The study is partly related to Nato's 1979 decision to deploy 572 cruise and Pershing 2 missiles in Europe from the end of this year. The alliance has guaranteed that the deployment will not result in a net increase of nuclear weapons in Western Europe.

However, the study is also taking place amid growing conviction within Nato that the use of battlefield nuclear weapons could be politically and militarily untenable.

Though they rarely state their views publicly, Nato politicians see the practical impossibility of ordering the use of nuclear weapons which effectively would destroy their own territory first, while many of Nato's generals believe that early use of even small-yield nuclear weapons would provoke Moscow into massive nuclear retaliation.

Western officials are currently at pains, nevertheless, to point out that the HLG's study is merely an attempt to rationalise nuclear stockpiles in Europe. They insist that, even if substantial numbers of warheads are withdrawn, Nato's strategy of flexible response — which envisages the graduated use of nuclear weapons of varying yields and ranges — would remain unchanged.

They also insist that the study bears no relation to ideas of establishing zones in Europe which would be free of nuclear battlefield weapons. No Nato government espouses such a policy, though it has been advocated by the Palme Commission on disarmament, and by the Social Democratic Party in Britain.

The precise nature and size of Nato's nuclear stockpile is a closely guarded secret and officials consequently refuse to speculate on the numbers of weapons which could be withdrawn by the alliance.

The U.S. Government, however, has already indicated areas where cuts could be made. It has said, for example, that it intends over the next few years to replace the Nike Hercules nuclear-armed air defence system with the conventionally-armed Patriot, and nuclear landmines with conventional weapons. The cruise missiles are expected to take over the role of some of the nuclear bombs now carried by a variety of aircraft.

Pentagon officials have estimated unofficially that cuts of up to 2,000 weapons could be made.

Nato ministers are agreed that if large numbers of weapons are to be withdrawn, more political capital should be made than was the case in 1979, when the U.S. unilaterally withdrew 1,000 nuclear warheads, virtually without publicity.

There is less agreement, however, on whether the withdrawals should be offered as bargaining chips in arms control negotiations, as General Bernard Rogers, the Nato supreme commander in Europe, has suggested. At a recent Munich conference, Gen Rogers suggested that the weapons to be withdrawn should be "stuffed in the hip pocket of Paul Nitze," the U.S. negotiator in Geneva. However, many officials feel the weapons should be withdrawn on the sole basis that there is no future military need for them.

French Government debates severity of economic curbs

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government is conducting an internal debate on the severity of the economic measures needed after next month's municipal elections to curb the external and public sector deficits.

M Jacques Delors, the Finance Minister, characteristically came out in a broadcast on Monday night on the side of those favouring more restrictive policies. He said that the reduction of the external deficit must be the main aim of policy.

If the trade deficit did not improve, he declared, then further measures would be needed to cut it from FFr 93bn (£8.94bn) last year to FFr 45bn (£4.3bn) this year. He even set the ambitious objective of bringing the trade account back into balance by 1984.

Apart from protectionist measures to curb imports—opposed by M Delores—the alternative policies under study by the Government all involve cuts in household purchasing power as a way of reducing the import bill.

Officials have been considering the impact of higher social security contributions, "forced" savings by higher incomes groups and the raising of public sector tariffs. Among the most outspoken supporters of a new phase of "rigour" has been M Michel Rocard, the Minister of the Plan.

However, according to new figures released by Insee, the Government statistics Institute, household consumption of industrial products fell by 5.5 per cent in January compared with December. This reflects the downturn in incomes resulting from last year's four months' wages freeze and from the deflationary package announced in June in the wake of the devaluation of the franc.

These figures have already already been seized on by those in the administration who believe that a left-wing Government has no business to follow former Prime Minister Raymond Barre in cutting purchasing power and that, instead, it should help to sustain economic activity and the level of jobs. Within this group fall both the Communist ministers and M Jean-Pierre Chevenement, Minister of Industry.

They set their case as being strengthened by the fall in the price of oil and the downward slide in the U.S. dollar, both of which will diminish France's import bill. A $4 drop in the Opec price is seen as saving France some FFr 15bn (£1.4bn) on its import bill.

M Pierre Mouroy, the Prime Minister, has taken a half-way position. He believes that the main stabilisation measures have already been taken but that further adjustments might be needed. He does not see these as amounting to a "new austerity" plan and thus announced with confidence last week that the Government does not have such a plan up its sleeve.

President Francois Mitterrand is keeping his options open. He believes—as he suggested in a New Year broadcast—that a recovery of the world economy could spare the necessity of a further unpleasant economic dose.

Controversial textile aid programme to continue

BY DAVID MARSH IN PARIS

THE FRENCH Government declared yesterday that, in spite of EEC criticism, it would maintain this year its controversial but effective aid programme for the country's struggling textile industry.

But the aid measures which have cost around FFr 800m (£75m) since their introduction last April, will in future be modified to tie them more closely to individual companies' investment plans, the Ministry for Research and Industry said yesterday. The programme will run, as planned, for another year.

The EEC Commission last month rejected French support for the textile sector—built around reductions in companies' social charges in exchange for employment guarantees. The Commission ruled that the aids flew in the face of the EEC attitude that such measures should be linked to industrial re structuring.

M Jean-Pierre Chevenement, the Research and Industry Minister, told the weekly cabinet meeting yesterday that the aids had been effective in slowing down job losses in textiles to less than 8,000 in 1982 from 40,000 in 1981.

A communique after the meeting stressed that the Government was ready to examine the difficulties of European textiles together with the Commission. The plan to link the aid to investment decisions may be an attempt to meet the Brussels criticism half-way.

Mr Chevenement said discussions would take place soon with French textile federations and unions to discuss the next year's measures. They would be linked particularly to moves to cut working hours and thus boost jobs.

Renault delay on sackings

BY OUR PARIS CORRESPONDENT

THE MANAGEMENT of the Renault car plant at Flins outside Paris announced yesterday that it would postpone a decision on whether to press for a Ministry of Labour endorsement of its decision to sack three delegates of the pro-Socialist CFDT union.

As a result, the union decided to suspend the strike action it planned for today. The union brought the factory to a virtual halt on Monday in protest against the sackings, but has since been attempting to find some compromise with the Renault management.

At the Citroen car plant at Autnay, the Communist-led CGT union also showed restraint when it decided against infiltrating the sacked CGT representatives into the factory. Over the past two days it has deliberately challenged the management by encouraging the sacked workers to take up their posts as normal.

Seven coup plotters freed from prison in Spain

BY DAVID WHITE IN MADRID

SEVEN OF the condemned plotters in the Spanish coup attempt two years ago were released early yesterday morning from jails in Madrid and Cadiz, pending the Government's appeal against the leniency of their two-year sentences. Fourteen other plotters are still in jail, including former Lt Col Antonio Tejero and Lt Gen Jaime Milans the only two to receive maximum 30-year sentences.

Yesterday was the second anniversary of the attempted coup. Security forces were placed on what was described as a standard alert for important political anniversaries. The ultra right-wing newspaper El Alcazar reported the release of the prisoners without comment on its back page.

One newspaper did mark the occasion with a cartoon showing the moustached figure of Col Tejero, who won fame by storming the Cortes in full parliamentary session. He is drawn not in his shiny Guardia Civil hat but in prison stripes and standing on a stool.

"Keep still, the lot of you," he booms and is heard only by a mouse which throws up in alarm the piece of cheese it was nibbling on.

Jokes about the February 23 revolt are rare and still cut close to the bone.

Schmidt points way out of world depression

BY JONATHAN CARR IN BONN

AN URGENT action programe to help stop the world plunging into deep economic depression has been advocated by Herr Helmut Schmidt, the former West German Chancellor.

At a news conference in Bonn yesterday he outlined a package of steps he would like to see taken by the Western economic summit conference in the United States in May.

The measures include controlled reflation efforts by low-inflation countries, and a binding pledge against new trade protectionism—as well as new efforts to strengthen the international financial system and to curb erratic exchange rate fluctuation.

Herr Schmidt made clear that of two main threats now facing the West—the arms race and a sustained economic crisis—he felt the latter to be the more pressing.

He combined his presentation with an appeal to the U.S., warning that if Washington failed to show leadership in the international economic field, it could lose its political leadership, too.

Herr Schmidt has been working on what amounts to his "economic testament" since losing office last October—distilling the experience of eight Western economic summits in which he took part as government leader. The full document is being published this week in The Economist newspaper.

The former Chancellor makes clear he feels the U.S. summit should adopt a series of complementary economic and financial measures, along the lines of the Bonn conference in 1978.

Among his key proposals are:

- Real interest rates must be cut, in the first place by the U.S. He stresses the connection between the high U.S. budget deficit, high interest rates, the burden of dollar debt in developing states and the cut in U.S. exports to countries unable to pay their way, thus intensifying the recession.
- Countries far enough along in the battle against inflation should pursue more expansionary policies. He names Japan, West Germany and Britain among the big ones, supported by similar steps in the Netherlands, Austria and Switzerland. The boost would help France, among others, in its export efforts.
- The seven participants in the summit (the U.S., West Germany, Britain, France, Italy, Japan and Canada) should make, as a minimum, a binding pledge to introduce no new obstacles to trade for two years.
- There should be much closer co-operation between governments, banks and supervisory bodies to help prevent a collapse of the international financial and trading system. He stresses that "credit creates trade and trade secures credit."
- New steps should be taken to bring greater currency stability — in the first place between the dollar, the yen, and the European currency unit. He notes this implies a greater willingness to intervene in currency markets by the U.S. and believes a study ordered at the last economic summit conference in Versailles will prove such intervention to be valuable.

New rules to combat 'acid rain'

By Leslie Colitt in Berlin

THE WEST GERMAN Government has lowered the amount of sulphur dioxide which may be emitted from power stations and industrial furnaces. The intention is to reduce the annual fall-out of sulphur dioxide in West Germany from the present 3.5m tonnes to 1m tonnes.

The "acid rain" which results from such emissions is destroying forests throughout Europe.

Newly-erected power stations in West Germany will have to be equipped in future with gas scrubbers to lower sulphur dioxide emissions to 400 mg per cubic metre of smoke from the previous level of 650 mg. Electricity plants already in operation will have to meet the new standards within a certain period or close down.

Permissible levels of nitrogen oxide have also been lowered to 1.800 mg per cubic metre of smoke.

The Government has hailed the measure as a significant step toward curbing acid rain. The opposition Social Democrats, however, said it was inadequate to halt the accelerated destruction of woodland. Heavily polluting older power stations fuelled by hard and brown coal will have another 10 years of life under the regulations, they said.

The Social Democrats also pointed out that power stations would not have to instal expensive gas scrubbers if they can prove the investment is "economically unreasonable."

Environmental damage has become one of the leading issues in the West German general election campaign. The Christian, Social and Free Democrats are vying with each other to be seen as concerned about the environment as the "Greens" movement which was the first to campaign on an ecology platform.

Jonathan Carr looks for the facts behind the campaign claims

Kohl seeks lift on rising economy

WEST GERMAN ELECTIONS

March 6

LITTLE WONDER that Chancellor Helmut Kohl seems to glow with confidence as he urges West Germans to "vote for the economic upswing." After all, according to the election campaign placards of his Christian Democrat Party (CDU), he has already achieved something of an economic miracle.

In less than five months in office, so the CDU argues, Herr Kohl has followed policies bringing a cut in inflation and interest rates, a stronger D-Mark and greater business confidence (especially in the key *construction industry*).

The previous Social Democrat (SPD)-led government of Chancellor Helmut Schmidt, on the other hand, had "driven more than 100,000 companies bankrupt and made more than 2m people unemployed."

According to this reasoning, the choice for voters on March 6 could hardly be more clear. Their only concern might seem to be to hang on to their hats as the "upswing" engineered by Herr Kohl picks up speed.

There are several problems about this picture which seem bound to be spotted by critical voters (a much bigger group than politicians of all parties in this campaign seem to believe).

Inflation (now at 3.9 per cent at an annual rate) and interest rates were falling, and the D-mark was strengthening, long before Herr Kohl's centre-right coalition replaced Herr Schmidt's centre-left alliance last October.

An important reason for the improvements was the gradual return of the country's current account to the black after three years of deficit. That, in turn, was caused by a record surplus in West Germany's visible trade (DM 51bn in 1982), partly because imports were slack but also because export sales were buoyant.

For those countries which had big bilateral trade deficits with the Federal Republic (for example France), West German industry seemed uncomfortably competitive, even after the 13 years of SPD-led "misrule" criticised by the CDU.

Another problem for the CDU is that it is in coalition with the liberal Free Democrat Party (FDP), and Herr Kohl, above all, wants the alliance to continue after March 6 if the FDP clears the minimum 5 per cent hurdle of voter support needed to secure parliamentary seats.

Yet this same FDP was not only in government with the Social Democrats for the past 13 years, it provided the Economics Ministers throughout most of that time. The last of them, Count Otto Lambsdorff, held the post under Herr Schmidt and now has it under Herr Kohl.

Voters are thus being asked to perform mental acrobatics in ascribing the bankruptcies and unemployment to the SPD and the positive elements (if any) in the previous government period to the CDU's current liberal partner.

Little wonder if a certain credibility gap has emerged for the *FDP* and partly for the *CDU* too. It has been made all the harder to bridge because there has been less than half a year between the collapse of the SPD-FDP coalition and the effort of the centre-right alliance to confirm itself in power in a (premature) general election.

The Free Democrats may well drag themselves gasping over the 5 per cent hurdle. But if they do so, then at least part of their thanks will be due to voters who are pretty sceptical about the claims of all parties, but see the liberals as a partial brake on the wilder fringes of both *Left* and *Right*.

For if the CDU is exaggerating the impact of its policies on the economy, the SPD's proposals to boost growth and cut unemployment look unconvincing too. This week, the Social Democrats have produced a plan for what they call "a second labour market" under which those out of work for a long time, especially young people, would be given jobs cleaning up public buildings and waterways, helping out the social services etc.

The eventual aim is to provide 400,000 extra jobs annually—at little cost to public budgets because there would be less unemployment money to pay and more tax revenue.

Voters blinking at this attractive rabbit drawn from a hat so close to polling day may wonder why the scheme has not been introduced before. After all, there were already 1.8m jobless when Helmut Schmidt left office (and now there are 2.5m).

But a big question mark *hangs over the financing. If* this did not work out as the scheme's authors hope, budget deficits would increase, government borrowing would rise and interest rates would be higher than they would otherwise. Private sector investment would flag more than it is already doing, and that would mean fewer jobs in the longer run, not more.

Between the optimistic talk from the CDU about the "upswing" and the warnings from the SPD about rising unemployment under a "do-nothing" government, the real state of the economy is not always easy to discern.

The truth is that after two years in which gross national product contracted in real terms, business and industry are now in a trough which is not becoming deeper—at least not at present. Latest figures show slightly stronger industrial orders, marginally better (but still low) use of capacity—flickers of optimism in sectors like vehicles and chemicals where, before, faces were very long indeed.

Part of the trough results from the existence of the election itself. It almost goes without saying that business and industry on the whole is rooting for Herr Kohl and fears a swing to the Left, perhaps with the radical Greens movement influencing government strategy. Foreign investors in West Germany clearly feel the same—hence the boost to industrial share prices, through buying from abroad when scraps of information emerge which seem to show that the Christian Democrats will stay in power.

But the real problems—far beyond that of economic "election drag"—remain the continuing international recession, the high level of real interest rates in the Western world and the dwindling prospects for West German exporters who did so well last year. If those elements do not improve, then West Germany's economic problems will deepen no matter who wins the race on March 6.

IG METALL, West Germany's biggest trade union, yesterday stepped up pressure in its campaign for higher wages, writes John Davies in Frankfurt. It began laying the ground for possible strikes from March 1 by lodging legal papers with about 100 labour courts throughout the country.

A leading union official said IG Metall was considering selective strikes, and even wider-ranging strikes could no longer be ruled out. The union wants a pay rise of about 6.5 per cent, but employers have been talking in terms of about 2.5 per cent.

Mediation agreed in Sweden

By Our Stockholm Correspondent

THE Swedish Government has persuaded the trade union body, the Landsorganisation (LO), representing 21 blue collar unions, and employers in nine key industries threatened by strike action to accept mediation.

The industries, which belong to the 37-member employers' organisation, SAE, had promised to match any strike with a lock-out, jeopardising the economic recovery programme of the new Social Democratic Government of Mr Olof Palme, the Prime Minister.

Both sides in the national wage negotiations dispute had already intimated they would be prepared to stand down if mediation, which is not binding, could be agreed.

The Prime Minister had originally pressed for an early, low wage settlement to give exporters a competitive advantage on the back of October's 16 per cent devaluation of the krona.

- Sweden yesterday announced the lifting of a price freeze on non-imported products, effective on March 1. This had been part of the devaluation package.

EEC backs £4bn Mediterranean plan

BY LARRY KLINGER IN BRUSSELS

THE EUROPEAN Commission yesterday approved a £4bn development strategy for the EEC's economically hard-pressed Mediterranean regions, primarily for the modernisation of agricultural production.

In deciding to press ahead with the proposed programme, the Commission is honouring a year-old political commitment to Italy, France and Greece to produce an "integrated" aid plan embracing the EEC's regional and *social policies* in addition to the Common Agriculture Policy.

The plan—which was designed by Sig Lorenzo Natali, the Commissioner for Mediterranean Affairs—will try to modernise agricultural infrastructure and marketing in areas dominated by small, inefficient, family farms while cushioning the possible harmful social effects by providing *alternative jobs* through parallel development in sectors such as tourism and local industry.

With the decision to go ahead in principle, the Commission will now have to flesh out its programme with specific plans and projects. It could be several months before these can be presented for approval by member-states.

While the Ten support in *principle* the Commission's commitment to broaden Community regional and social policy, several cost-conscious states such as Britain and West Germany will want to make certain that the money will be spent in genuinely disadvantaged areas, and on projects with real potential for lasting improvements.

Court move spurs action on transport policy

BY JOHN WYLES IN BRUSSELS

EUROPEAN GOVERNMENTS are attempting to speed up their efforts to assemble a common EEC transport policy following the European Parliament's move to indict them for a "failure to act."

After discussing a European Commission document charting the progress made on new measures for inland transport, transport ministers agreed yesterday to meet again in June.

Mr David Howell, Britain's Transport Minister, said afterwards that the Parliament's prosecution of the Council of Ministers at the European Court had given an "impetus to the discussions that has been healthy."

The Parliament's case is still in its preliminary stages, but it is the first attempt to hold member governments responsible for failing to implement the Treaty of Rome. This called for "a common policy in the sphere of transport" which the Parliament alleges has been blocked by division and inertia in the Council of Ministers.

Mr Howell spelled out his priorities at yesterday's meeting—frequent increases in the licence quotas governing heavy goods traffic between member states, the removal of delays to traffic at frontiers, and a relaxation of the EEC rules on lorry drivers' hours, which he said were hampering "the efficiency and flexibility of our transporters."

The Netherlands is also anxious to exploit the new urgency imposed by the Parliament. Miss Nelia Smit-Kroes, the Dutch Transport Minister, warned yesterday that her Government would not agree to any increases in the Community's budget revenues without greater progress on the transport front.

Dutch hauliers are particularly troubled by a variety of West German restrictions which they claim are unduly protective. According to the Dutch minister, they want agreement on commonly acceptable axle weights, the elimination of border formalities and the removal of restrictions on the quantities of petrol which can be carried across national borders.

Although the Commission's view of future transport policy requirements was generally welcomed by ministers yesterday, its suggestion that governments should assume responsibility for railway infrastructures and then charge the railways a users' fee did not win much general support.

Mr Howell said the move might be acceptable if it aimed at making railway financing more transparent, but *it must* not be a pretext for greater subsidisation of the railways.

Ireland ponders cost of Shergar lawsuit

By Brendan Keenan in Dublin

IRISH TAXPAYERS, already groaning under the weight of a tough budget earlier this month, may be faced with a I£20m (£14m) bill for the loss of Derby winner Shergar.

Shergar's syndicate of 34 owners, headed by the Aga Khan, have filed a claim for malicious injury in this amount against Kildare County Council. The horse was stolen nearly three weeks ago from Ballymany stables in Kildare and all efforts to find him have so far failed.

Should the claim succeed, Kildare ratepayers would be liable for an extra 20p in the pound on their rates—the maximum legal imposition—arising from such a claim. But, with only business premises rated in Ireland, this would raise only I£120,000 and the rest would have to be borne by the taxpayer.

Mr Gerard Ward, the county manager, said he did not think the council would be in a position to pay even this amount. Mr Charles McCreevy, a local MP and racing enthusiast, pointed out that there was probably more than I£100m worth of thoroughbreds in the county, the centre of the Irish bloodstock industry.

Mr John Kelly, a Government MP, who is also an eminent constitutional lawyer, tried to call an emergency debate in the Dail (Parliament) on the issues of principle raised by such large claims against the State.

Irish lawyers expect a complicated battle if the case comes to court, especially if Shergar has not been found. If he is found, but injured, the question *would arise as to where the* injury was sustained, and whether it was "malicious" within the legal definition.

It is not known whether Shergar was insured against malicious injury, but one bloodstock agent said the normal Lloyd's policy for breeding stallions would cover only the risk of death through accident or disease.

Police warn about stolen bank drafts

By Our Dublin Correspondent

IRISH POLICE have warned businesses in Ireland and Britain about bank drafts stolen in three bank raids. So far, forged drafts have been used to acquire goods worth more than £200,000. In one of the most spectacular hauls a stolen draft was used to "purchase" Krugerrands in Jersey worth £95,000.

There is particular concern that, of 1,086 drafts stolen, only 21 have so far been used—but with considerable success.

The most recent incident was in Manchester, where a stolen draft was presented for furniture worth £80,000. However, the police were alerted and the goods, to be delivered to an address in Ireland, were not despatched.

The Dublin Fraud Squad believes the drafts may have been stolen by paramilitary groups but were then "laundered" into the criminal world. Det. Insp. Frank Hanlon said traders should check all references, documents and telephone numbers, if presented with a draft drawn on any of the three banks in question: Northern Bank, Shercock, County Cavan; Bank of Ireland, Old Castle, County Meath, and Ulster Bank, Wexford.

Revisions in Swiss company law proposed

By John Wicks in Zurich

THE FEDERAL COUNCIL, Switzerland's coalition cabinet, has presented Parliament with proposals for a partial revision of company law. The draft amendments, to be published in full in the coming weeks, are the latest form of a revision programme in preparation since 1972.

The proposed amendments would compel joint-stock companies to publish more information about the development of their businesses and their financial situation.

Detailed regulations would be issued for the drawing-up of balance sheets and profit-and-loss accounts. Companies would have to disclose any transfers from hidden reserves and would be forbidden to set off assets against liabilities or earnings against costs.

It is not yet clear to what extent the Government supports full consolidation of corporate accounts. A Justice Ministry working party expressed the opinion in 1975 that it was impossible to insist on international consolidation for corporate groups. But it recommended that consolidation should be "made more attractive" by permitting a parent company to present an abridged form of accounts.

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OVERSEAS NEWS

Sharp rise in indirect taxes for Hong Kong

BY ROBERT COTTRELL IN HONG KONG

HONG KONG faces a sharp increase in indirect taxation, following the 1983-84 budget presented yesterday by Mr John Bremridge, the Financial Secretary. Inspite of increased revenues, the Government expects to run a substantial deficit for the second successive financial year.

Mr Bremridge provisionally estimated that, for the financial year ending March 31 1983, the government will have sustained a record deficit of at least HK$3.8bn (£376m) on its general revenue account — the first deficit since 1974-75. His original budget forecast this time last year had been for a HK$2.3bn surplus.

The shortfall is due to the collapse last year in local land prices. Mr Bremridge had expected to raise HK$13bn in capital revenues — almost entirely from the sale of leasehold interests in crown land.

The revised estimate is that just HK$5.7bn in capital revenue will prove to have been raised, of which land transactions account for HK$4.6bn, against HK$9.7bn in 1981-82. For the coming financial year, Mr Bremridge provisionally estimates that land transactions will yield just HK$3bn.

The indirect tax increases are aimed mainly at smokers, drinkers and drivers. Property rates are also raised. Most increases come into immediate effect. They are expected to yield an additional HK$3bn in the financial year 1983-84. Nonetheless, said Mr Bremridge, the general revenue account is still likely to show a deficit estimated at HK$3.2bn.

Bremridge . . . forecasts real GDP growth of 4 per cent

Mr Bremridge says the deficits for both the current and coming financial years will be financed from Government reserves. "Free reserves"—net of contingent liabilities — will stand at HK$11.5bn on April 1 1983.

The Government may eventually consider borrowing to finance capital expenditure, said Mr Bremridge, but probably not for at least another year, and only then if recurrent revenue is strong.

According to revised estimates presented yesterday by Mr Bremridge, Hong Kong achieved real growth in gross domestic product (GDP) of 2.4 per cent in the 1982 calendar year.

The budget forecast a year ago had been for 8 per cent growth, in the wake of 11 per cent growth in 1981.

The decline reflects the severity with which world recession has cut into Hong Kong's export-oriented economy. For 1983, Mr Bremridge forecasts real GDP growth of 4 per cent—empbasised to be a tentative projection.

To keep a tight rein on public expenditure this year, Mr Bremridge is introducing the "cash limit" concept. He projects a total public sector expenditure for financial year 1983-84 of HK$42.5bn, and 11.7 per cent increase in money terms over the HK$38bn seen in 1982-83.

Total public sector expenditure is measured by the consolidated account, which differs from the general revenue account by taking in "off balance-sheet" items, which include a reserve fund for capital works, loan funds, and housing authority expenditure.

In spite of the Government's non-interventionist policies, the public sector's share of GDP increased from 15.4 per cent in 1077-78 to 24.2 per cent in 1982-83. Mr Bremridge aims to hold the public sector share to 24.1 per cent in 1983-84.

Public sector growth in recent years was fuelled by high capital revenues from land sales as Hong Kong went through a property boom. The Government now views the financial years 1980-81 and 1981-82, when land sales contributed roughly one-third of total revenues, as a "windfall" period, not likely to be repeated.

Mr Brembridge's indirect tax increases reflect the swing back towards recurrent revenue raising.

S. Africa claims Swapo incursion

BY J. D. F. JONES IN JOHANNESBURG

SOUTH AFRICAN and Angolan delegations are meeting in the Cape Verde Islands to try to negotiate a ceasefire in Namibia (South West Africa) while reports from Windhoek claim there has been a major incursion of Swapo guerrillas into the disputed territory.

The South West African Peoples Organisation is said to have despatched a number of detachments south across the Angolan border. The authorities in Windhoek claim that 129 guerrillas have been killed so far, but it is suggested that further Swapo forces are poised to enter the territory from Angola.

Observers here are not surprised that the South African Press has been encouraged to give prominence to these incursions at the very moment that a senior delegation from Pretoria is entering a second round of talks with the Angolans. It makes sense for both sides to try to underline the strength of their military positions even while the Cape Verde talks are focusing on a *de facto* ceasefire.

Similarly, Mr Pik Botha, the South African Minister of Foreign Affairs, has cast doubts on peace prospects in view of "certain events," presumably the Swapo incursion.

Mr Botha yesterday confirmed that a South African team had left for the Cape Verde islands led by the director-general of his department, Mr Hans van Dalsen, and including the South African ambassador to the U.S., Mr Brand Fourie.

Row over OECD report on Australia

By Michael Thompson-Noel in Sydney

CLAIMS THAT the Australian Government "doctored" a report on the economy by the Organisation for Economic Co-operation and Development (OECD) produced a Labor Party call yesterday for the resignation of Mr John Howard, the Federal Treasurer.

The claim was denied, but Mr Paul Keating, Labor's shadow treasurer, said that if Labor won next month's general election, a Labor Government would reprimand the OECD for "compliance" with a series of requests from successive Liberal governments.

According to a leaked treasury memo to Mr Howard, the report, which was published last month, was altered at the request of treasury officials.

The memo said: "In brief, the meetings (with OECD officials) went very well indeed. We achieved all our main objectives, that is, to have removed from the 'conclusions' of the survey suggestions that there would be merit in a return to a centralised system of wage fixation or that, in the context of such a system, 'dialogue, compromise and moderation' would provide the answers to Australia's immediate problems."

Centralised wage fixing is a cornerstone of Labor's election strategy.

Mr Keating sharply criticised the Goverenment for presenting the OECD report as an impartial vindication of its own economic policies.

Mr Howard said a draft copy of the OECD report had been altered in Paris after representation by treasury officials, and claimed this was normal practice.

Mr Bob Hawke, the Labor leader, said yesterday: "It is impossible to overstate the depths of deception which have been practised and perpetrated by the Treasurer.

He demanded publication of the original full draft of the report—after which, "it seems to me beyond question that the resignation of the Treasurer should be demanded by the Prime Minister."

Jim Muir in Algiers assesses the Palestine National Council session

Precarious unity for Palestinians

TO OUTSIDERS, looking for clean-cut decisions and strategies, the endless haggling over phraseology which characterised the nine-day session of the Palestine National Council (PNC), may have looked perilously like rearranging the deck chairs as the ship goes down.

To maintain internal unity in a critically dangerous period, niggling compromises had to be struck, raising the danger that the Palestine Liberation Organisation (PLO), united but adrift, might end up heading nowhere.

Yet the *range of directions* open to the PLO was severely restricted by conditions far beyond Palestinian control.

Those PNC members most acutely aware of the urgent need to arrest the West Bank's absorption by Israel, had no ammunition with which to argue their case for co-operation with the Reagan initiative.

After the events of the past year, with the U.S. unable to demonstrate any real ability to influence or restrain Israel, Washington's credibility as a peace broker is low.

For the PLO leadership, which accepted U.S. guarantees for the evacuation from Beirut, the Israeli entry into West Beirut and the subsequent massacres at Sabra and Shatila made the lack of U.S. credibility much more than just an intellectual perception.

It is not clear whether Mr Yassir Arafat, the PLO chairman, came to Algiera hoping to win a mandate which would allow him to fall in with the Reagan Initiative by authorising West Bank mayors or non-PLO Palestinians to join King Hussein of Jordan in a delegation to peace negotiations.

The resolutions appear to block out such a possibility. It would be difficult — even for Mr Arafat — to find a chink through which to slip in current conditions.

But senior PLO officials made it clear that, if the U.S. injected the concept of Palestinian self-determination into its package, the question of representation would melt away.

The problem is that the substance of the Reagan plan withholds self-determination, while the implementation strategy seeks to exclude the symbol of self-determination, the PLO.

If the principle were to be accepted, the symbol would become irrelevant. "If the Americans accept self-determination, we would send a 10-year-old boy to the talks," said one PLO official.

How the U.S. chooses to relate the PNC resolutions to the Reagan initiative is largely up to Washington. Mr Arafat fought hard to avert outright rejection of the Reagan plan and just managed to do so through a formula whereby tho PNC declared its "refusal to consider the Reagan plan a suitable basis for a just and lasting solution" because it did not meet Palestinian rights.

The U.S. could take that as rejection. But Washington is looking for signs of a constructive willingness to seek peace, there are plenty of those. Above all, it is clear that, provided the deal was on the table, Mr Arafat would have little difficulty in carrying the Palestinians towards it.

The Syrians, Libyans and others who in recent months encouraged hard-line factions to deny Mr Arafat's diplomatic manoeuvrings—his collaboration with Jordan, contacts with Cairo, meetings with Israeli liberals—may have done him an enormous service.

In the end, even the radical factions are Palestinians first and foremost. The PNC is fairly representative of the Palestinian population, and there was no doubt about the mood of realism prevailing among its members—nor about their overwhelming support for Mr Arafat.

The hardline groups were well aware of this. They responded by ultimately swinging into line on virtually all issues, tacitly abandoning the vibrant rejection of Mr Reagan and Fez proposals they had declared from Tripoli in January. Those who recorded a minority position were regarded as having done so to please their Arab paymasters, and received a contemptuous silence from the floor.

The result is that Mr Arafat's image as Palestinian ringmaster is considerably enhanced. He leaves Algiers with a freedom of manoeuvre which is remarkable, considering the intensity of the attacks on him

He got tthe PNC to endorse the Fez plan without reservations, and to accept the principle of a confederation with Jordan, which could act as a link to pull the U.S. plan towards Fez.

He is left with almost complete freedom to continue contacts with Egypt and Israeli sympathisers, and to pursue the relationship with Jordan. Mr Arafat even managed to slip in, virtually unnoticed in clause 8 of the PNC resolutions on international relations, an unqualified denunciation of terrorism—a step which is not seen as contradictory to the escalation of armed actions against Israeli military targets, and which is presumably aimed at paving the way for PLO inclusion in the Arab League delegation to London.

"He got just about as much as he could have hoped for," was how one of Mr Arafat's advisers summed up the outcome. The fact that he cannot steer the PLO rapidly towards peace is, as far as he is concerned, because the routes are blocked off by others. If he has not jumped towards the U.S. plan now, it is because he cannot see anything yet to risk jumping for.

In spite of all the problems and pressures, Mr Arafat managed to keep the PLO's voice independent, unified and, as far as one can see, in tune with the feelings of most Palestinians.

That makes it something all the Arabs have to listen to and, even if Washington is tempted to try to write the PLO off for "failing to grasp a golden opportunity," Mr Arafat has so far been proven right in his assertion that "we are here, we represent the Palestinians, and our unity cannot be broken up by any Arab or American decision."

ISRAEL totally rejected yesterday the resolutions adopted by the Palestinian National Council (PNC) at its meeting in Algiers, writes David Lennon in Tel Aviv. But Palestinians in the occupied West Bank and Gaza Strip welcomed what they saw as an opening for King Hussein of Jordan to negotiate with Israel on their future.

Mr Yitzhak Shamir, the Israeli Foreign Minister, said the PNC had re-affirmed previous decisions taken to destroy Israel in stages, the first stage being the establishment of a Palestinian state in the West Bank and Gaza Strip.

But Mr Rashad al-Shawa, the deposed Mayor of Gaza, who has been mentioned as a possible member of a Jordanian-Palestinian delegation in future talks with Israel, welcomed what he believed was a victory for the moderates in Algiers. "The council, indirectly, delegated Jordan to go ahead and hold the peace negotiations with Israel, to try to emerge from the present deadlock that besets the Palestinian problem," he said.

Meanwhile, Israel continued to be cool to President Ronald Reagan's offer to guarantee the security of Israel's northern border after its troops pulled out of Lebanon. The official position remains that U.S. guarantees cannot be a substitute for an agreement between Israel and Lebanon.

Iran calls for end to aggression

BY ALEKSANDAR LEBL IN BELGRADE

THE FALL of the Baghdad Government is not a precondition for ending the war between Iran and Iraq, Mr Ali Akbar Velayati, the Iranian Foreign Minister, said in Belgrade yesterday.

Mr Velayati, speaking at the end of a two-day visit, said Iran still hopes that the Iraqi people will topple their regime. He said it was not Iran's duty to do so because it does not interfere in other countries' internal affairs.

Iran was prepared to make peace on condition that aggression came to an end and Baghdad paid Tehran war damages. But he said Tehran could not sit at the negotiating table with "the aggressors."

Reuter adds from Bahrain: Iran has cleared a debt of $333m with the French oil company Elf Aquitaine, in spite of France's refusal to repay a $1bn loan from Iran, Bank Markazi Iran, the central bank, said

Further clashes in Karachi

Police fired tear gas yesterday on several hundred demonstrators during a brief relaxation of a curfew imposed on west Karachi to end religious violence, witnesses reported, Reuter reports from Karachi.

They said the tear gas barrage was fired when Sunni Moslems tried to attack a Shia Moslem place of worship which was guarded by armed police.

AMERICAN NEWS

Byrne ousted as Chicago mayor in election upset

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON


Washington . . . jubilant

MR HAROLD WASHINGTON, a 60-year-old Congressman, looked well set to become Chicago's first black mayor yesterday after a sensational upset victory over the incumbent Mrs Jane Byrne.

At the latest count, the former underdog Mr Woshington had a 3 per cent edge over Mrs Byrne in the Democratic mayoral primary after a massive turn-out hy black voters. His next task is to survive an official review of the close vote, after fraud charges, ond then beot the Republican nominee, Mr *Bernard Epton*, a 61-year-old insurance tawyer, in what is expected—in heavily Democratic Chicago—to be an easy cootest on April 12.

Mrs Byrne, who spent almost $5m on ber campaign for re-election, reluctantly conceded defeat. Mr Washington said: "I proudly and humbly occept on behalf of the people of Chicago." He said that the Democratic party hod been "returned to the people."

Mr Washington came from a long way behind, with few campaign funds, to break what has traditionally been a white grip on the tevers of power in the U.S.'s second most populous city. Mr Richard Daley, a 40-year-old lawyer, failed to capture the inheritance of his famous father, Mayor Richard Daley, who ran Chicago for 21 years until his death in 1976. Mr Datey Junior floished a poor third and conceded defeat.

Mr Washington bas opent 16 years as a state legislotor, and over two years in Congress. Last time he ran for mayor, however, in 1977, he finished with only 11 per cent of the vote. He entered Tuesday's race only after o Democratic voter registration drive last year odded about 120,000 new hlock voters to the rolls.

His apparent surprise victory altered the power balance in a city in wbich blacks narrowly outnumher whites, hut in whicb they have never gained clear cut political expression. In the lost vote, in 1979, mucb of the black vole went to Mrs Byrne.

Askew enters race for Democratic nomination

WASHINGTON — Former Florida Governor Reubin Askew yesterday became the fourth formal candidate for the 1984 Democratic presidential nomination, pledging to unite Americons in prosperity ond peace.

Mr Askew, chief U.S. trade representative in the latter half of former President Jimmy Carter's Administration, entered the race a distinct longshot behind former vice-nresident Walter Mondale and Senators Gary Hart and Alan Cranston.

Others, including Senator John Glenn, the former astronaut, are expected to join the race later.

In his announcement at the National Press Club, Mr Askew expressed confidence that be could win the nomination.

So far Mr Askew is the only candidate from the Sonth, which provided the base for launching Jimmy Carter from relative obscurity to the presidency in 1976.

Reuter

Why 'toxic turmoil' worries the White House

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

IT HAS BEEN called "Sewergate" and "Sbreddergate"—thanks to the use of abredding machines to dispose of some allegedly key documents. The Washington Post would dearly love to turn it into a new Watergate, and is trying harder every day.

It has been described as the nastiest scandal that the Reagan Administration has yet faced—"Reagan'a toxic turmoil," according to one headline. President Ronald Reagan is not himself directly involved, but the whole affair has become a symbol for his opponents of disregard for the environment and the fovouritism of big business.

The issue is the way in which the U.S. Environmental Protection Agency (the EPA), a government body, has handled, or mishandled the clean-up of potentially dangerous chemical waste dumps, with the belp of a $1.6bn five-year programme known as the Superfund, set up in 1980.

No fewer than six Congressional committees are now investigating the EPA's activities. Allegations range from a charge that it has failed to account for $53m to suspicions that one or more of its senior officials bave had cootacts with major chemicat producers that are too close for comfort.

Mrs Anne Gorsuch, the EPA's chief (Mrs Burford since her marriage at the weekend), has been cited for conlempt of Congress for failing to supply documents ahout the programme. She refused on White House orders.

The White House has also summarily sacked Miss Rito Lavelle, the programme's administrator, for reasons that are still not totally clear. Miss Lavelle has compounded the problem hy foiling to respood to a Congressional subpoeno to give evidence—although she may appear on Capitol Hill later this week.

Mr Reagan devoted a major part of his most recent Press conference last week to the issue, claiming that less than 100 out of a mountain of documents ore involved. But there is an important constitutional issue ot stake—how far the President can withhold evidence from Congress on the grounds of "executive privilege." While one Congressional committee is now satisfied with a deal negotioted witb the White House, allowing it o discreet peek at the documents, others are not.

Miss Lavelle's diary has heen published in the daily papers, ahowing that she met representatives of chemicol companies during her time at the agency "in some of Washington's most expensive restaurants." It was then reveoled that her lunchtime taste ron to a chicken salad sandwich and a glass of water, but Washington's nose for ethical misbehaviour has heen sniffing nooetheless.

It is, of course, a serious problem. The EPA has identified about 14,000 potentially hazardous dump siles so far and designated 418 "worst" cases for possible allocations from the Super-fund. But clean-up work has only been completed at five sites aod the agency has adopted a policy of negotiating settlements witb dumping companies rather than taking tbem to court for possible infringements of the law.

The practice has led to allegations that the Administration is negotiating so-called "sweetheart" deals with serious offeoders. Environmentalists also claim that only a fraction of the daogerous dumps bave so far been identified, and there are tales of Mafia involvement in undercover dumplog operations.

Mrs Burford bas publicly insisted that ahe will take o tough line with polluters. In an attempted pnblicity coup earlier this week she offered to buy the whole town of Times Beach, Missouri, which has beeo hit by floods ond poisoning by the chemical dioxin, which has heen proven, in some cases to be extremely toxic. Resideots of the now almost deserted town were balf-overjoyed, half cynical about the $33m offer.


EPA workers clear up a chemical waste dump.

The story ts still unfolding, and the extent of wrongdolng, if any, remains to be decided. At the very least, it seems that the EPA has been naively, if not sloppily managed, and that there are murky depths atill to be plumbed.

Uruguay to seek $750m more in loans

By Peter Montagnon, Euromarkets Correspondent

URUGUAY is to seek about $750m (£487m) this year from the international banking community to refinance existing debt and cover its new money requirements for 1983.

As announced in *Montevideo* last month this will include a rescheduling of something over $500m of short-term debt contracted last year when medium-term markets were effectively closed to Uruguay because of the Falklands crisis. The balance is intended to cover this year's additional financing needs.

Uruguayan officials in London said yesterday that serious talks on Uruguay'a financing needs are expected to start in New York next week. They stressed that Uruguay is continuing to service its $3bn deht normally at the moment.

World Bank plans $2bn action programme

BY NANCY DUNNE IN WASHINGTON

THE WORLD BANK yesterday announced a special $2bn (£1.3bn) action programme designed to provide additional lending to mostly upper and middle income developing notions over the period 1983-1985.

The programme, designed to *maintain* development momentum despite economic stagnation and debt problems in the developing countries, will raise lending this year from $9hn to $9.8bn. It provides for a 36 per cent increase in lending in 1984 and o 30 per cent increase the year after.

Part of the odditional financing will be used to help *countries like Brazil and Mexico* which are suffering debt crises.

Structural adjustment lending, designed to help countries with balance-of-payments problems ond previously restricted to 30 per cent of a borrower's total leoding, may be increased under the programme.

Under the new scheme the bank will increase its traditional share of bank financing in projects. However, only a small portion of the $2hn will be available for soft loans to poorer developing countries.

The bank said it was establishing the programme for two years in the hope that the world economy would hegin to recover during this period. However, if recovery takes longer, the programme may he extended.

Mexico offers more aid to ailing private sector

BY WILLIAM CHISLETT IN MEXICO CITY

THE MEXICAN Government has announced a programme of incentives to belp the country'a ailing privote sector, over its liquidity crisis and to encourage businesses to maintain employment.

The programme is part of the Government's pact with trade uninns and the private sector to stabilise the economy.

In return for offering increased state financing, tax incentives and help in restructuring company debts, the Government expects businesses to minimise the number of joh lay-offs and trade unions to stick to their policy of accepting a cut in real wages and increasing productivity.

The main points of the programme, presented by Sr Hector Hernandez, the Trade and Industry Minister, are:

- The public sector will stimulate depressed demand hy making 700bn pesos (£3.1hn) worth of purchases this year in the domestic morket and only 400bn pesos abroad.
- In purchasing abroad, preference will be given to countries which commit themselves to taking more Mexican exports.

Anti-trust suit filed against airline

By Richard Lambert in New York

THE U.S. Justice Department yesterday filed a civil anti-trust suit against American Airlines and its president and chief executive Mr Robert Crandall. If the lawsuit is successful, Mr Crandall could be barred from holding any senior position ot the airline for two years.

The allegations concern the period a year ago when Braniff International, which was based, like Americon, at Dallas - Fort Worth, was fighting a desperate and unsuccessful hattle to avoid bankruptcy. In a bid to increase its cash flow, Braniff slasbed its prices to the bone, damaging its local rival in the process.

The Justice Department alleges that on February 1 last year, Mr Crandalt telophoned Braniff's chairman, Mr Howard Putnam, and proposed that Braniff raise its prices on certain key routes by 20 per cent. According to the department, he assured Braniff that American Airlines would follow suit "the next morning."

Braniff rejected the alleged price-fixing ottempt, the department added. It charged that Mr Crandall attempted to secure collusive monopoly powers in a number of markets by trying to fix prices, and warned that further such octions may bo taken in other cases.

The lawsuit seeks an injunction that would bar Mr Crandall for two years from serving as president or chief executive officer of American, or in any position which would give him some authority over pricing.

At the time of Braniff's bankruptcy last summer, there were a number of allegations that American had indulged in various anti-competitive actions in an attempt to drive Braniff out of business.

American, the third largest U.S. airline, olways dismissed these charges as "ludicrous and ridiculous."

Salvador arms plea

Defence Secretary Caspar Weinberger has told the House of Representatives Foreign Affairs Committee that El Salvador needs an additional $60m (£39m) in arms aid to fight left-wing guerrillas trying to overthrow its government, Reuter reports from Washington.

WORLD TRADE NEWS

Taipei court rejects Apple copyright suit

BY OUR TAIPEI CORRESPONDENT

THE District Court of Taipei has thrown out a suit by Apple Inc. of the U.S. charging that two Taiwanese firms had infringed copyrights for the Apple II home computer.

The court based its decision not to hear the case on a 1931 interpretation of the Taiwan criminal code. The interpretation held that foreign firms not registered to do business in Taiwan are not legal entities and thus cannot hring criminal charges against Taiwanese companies. Apple has a sales agent in Taiwan, but not a branch office.

The interpretation, which is not hinding in law but which is generally followed in practice, has for some time been viewed as a major harrier to successful prosecution of copyright and patent infringement cases.

Some Taiwaoese lawyers claim that the interpretation is superseded by a 1948 treaty on commerce and oavigation which sets out provisions for mutual recognition of the legal rights of American and Taiwanese businesses. But the court maintained in the Apple case that a later company law enacted in Taiwan requires a physical presence before a criminal suit can be brought.

Apple filed *criminal* complaints against Sunrise Computer Services Ltd and Golden Formosa last September. It filed a separate civil action against Sunrise, asking for damages of about U.S.$25,000. Both suits alleged that in copying the Apple II home computer, the companies infringed on Apple's copyright on its read-only memory (ROM) software.

The Apple II computer has become a popular target for counterfeiters in Taiwon. The pirated versions sell for about U.S.$250, compored with a *suggested selling* price of obout $1,500 in the U.S. At one time last year, pirates bere were reportedly turning out literally hundreds, if not thousands, of copied Apples a month.

The physical preseoce rule applies only to copyright and patent cases, however. Foreign companies that feel their trade-marks have been violated may complain to a newly-established anti-counterfeiting committee set up by the Government. If the committee feels the complaints are justified, it will hring criminal chargeo against the offender in place of the trademark holder. It is not known whether Apple will appeal the ruling.

- In a related development, the Government has enacted a tough new trademark law which will ensure that convicted pirates spend at least some time in gaol. The law, passed by the legislature last month, was signed by the President without much fanfare. According to the Government, the low became effective late in January.

The new law eliminates provisions in Taiwan's criminal code that allowed many convicted counterfeiters the option of buying their way out of gaol sentences at the rote of obout U.S.23 cents o day. It also increases the maximum sentence for knowingly copying o trademark registered bere to five yeors.

Saudi computer contract

FINANCIAL TIMES REPORTER

A CONTRACT for 500 computers, signed yesterday in London between Saudi Arahia and Britain, boosts to £10m orders for the Andromeda Zita, a new British-built computer, which claims to be the first in the world which can operate under extremes of climate and yet is fully portahle.

The distribution agreement was signed between the Yba Kanoo Group of Riyadh and the Information and Technology Computer Servicea Group (ITCS). Some 2,000 of the computers bove been ordered since it was launched last month by the Staloes, Middlesex, group.

Distribution throughout the Gulf is ensured hy the contract, as the Yba Kanoo group is one of the largest merchant houses in the Middle East.

Mr Khalid Mohamed Jasim Kanoo, a descendant of the firm's founder, signed the contract on behalf of his family.

Kathryn Davies on Indonesia's move to use barter in its trade with an Asean partner

Jakarta moves to cut Singapore oil intake

INDONESIA is taking further steps to limit its purchase of oil products from Singapore refineries hy requiring future contracts to be negotiated on a barter instead of a casb basis.

Oil companies in Singapore have been told that because of Indonesia's "unfavourable financial position," the state oil company, Pertamina, will no longer purchase crude oil, kerosene or diesel from next month unless this is done through a counter-trade system, the details of which hove not yet been apelled out.

Although Indonesia produces about 1.3m barrels of crude per doy, it imports a special grade of crude oil through Singapore from the Middle East to turn tnto lubricating oil.

Oil officials say the implications for Singapore's oil sector, which contributes 40 per cent to *the country's total industrial* output, will not become clear until April or May when Indonesia's domestic demand for oil products is expected to pick up.

The nature of the proposed harter deal, which is expected to require the exchange of one oil product for another, will be the subject of negotiations between Pertamina ood the Singapore oil companies in coming weeks. However, Pertamina has already told Singapore refiners it expects to cut purcbases of petroleum products, which averaged 150,000 b/d in 1982, by nearly 60 per cent this year. In the short term the industry believes Pertamina may actually increase the amount of its own crude oil it sends to Singapore for refining, in order to he able to repurchase the kind of products it needs for domestic use.

Singapore is the world's third largest oil refiner (after Houston and Rotterdam) with a capacity of 1.02m h/d, more than the rest of Asean members put together (Indonesia, Malaysia, the Philipines and Thailand). However, Indonesia and Malaysia are close to satisfying a long-beld ambition to expand refining capacity in order to reduce dependence on Singapore. Between 30 per cent and 40 per cent of third party crude oil refined in the republic has until recently been for Pertamina. Two new refineries in Indonesia are to come on stream later this year, each with a capocity of 200,000 h/d, donbling the country's existing capacity. Malaysia is also constructing two new refineries and contem*plating a third.*

The largest nil refiner in Singapore, Shell, recently announced closure of nearly half of its refining capacity, reducing Singapore'o overall capacity hy 20 per cent. Shell is to concentrate on the production of higher-grade petroleum products, such as kerosene and gas oil. So far the five other refining companies in Singapore have not followed suit.

PERTAMINA has denied that it is unable to pay bills of npwards of $250m for contracting work already completed on three oil refinery expansions now under construction, writes Richard Cowpee in Jakarta.

The company rejected a published news report that it was having tronhle paying bills to cover contractors on *expansion* work on the country's Balikpapan, Cilicap and Dumai oil refineries as "patent nonsense." The total cost of the three projects, to be completed over the next *few years, is more than $3bn.*

One company official said "that a company with a turnover the size of Pertamina *cannot pay bills of $250m is* patent nonsense . . . . No one is doubting our intention of paying up."

Pertamina is, however, believed to be up to 90 days overdue on payments for contracting work and supplies worth about $250m to Bechtel and Fluor of the U.S. Technicas Reunidas and Centurion of Spain are also affected, *as are several dozen local* contractors. Pertamina is Indonesia's biggest company with a turnover estimated at more than $80bn a year.

Allegations about payments problems come at a time when the world is poised on the hrink of a further decline in the international oil price.

***As Asia's largest oil* exporter, Indonesia is facing its largest ever current acconnt trade deficit of around $7bn in fiscal 1982-83, hnt the government still has reserves of approximately $6.5bn in the atate banking system. Officials say Indonesia is clearly in a position to meet its ohligations.**

Bechtel is building a 200,000 b/d extension to the existing 60,000 b/d refinery at Balikpapan in East Kalimantan. Fluor is huilding a similar 200,000 b/d expansion at the 100,000 h/d refinery at Cilicap in West Java. Technicas Reunidas and Centurion are jointly building a 62,000 b/d hydro cracker at Dumai in central Sumatra.

Pressure for changes to Lome pact

By Canute James in Kingston

SIXTY - THREE developing countries are intensifying pressure on the European Economic Community this week to improve several aspects of its economic relations with the Third World.

The countries of the African, Caribbean and Pacific (ACP) group, linked to the Community through the Lomé Convention, *are asking the EEC to widen* the access of Third World countries to its market, as part of efforts to reduce the ACPs' trada deficit in community trade.

The week-long meeting in Kingston of the joint consultative assembly of the two groups is regarded as a first step towards the fashioning of a new trade pact, to replace the Lomé II Convention, which expires at the end of next year.

Both European and ACP delegates have agreed that the current poct has not been working very well, hut have discounted suggestions that there will not be a third.

PITFALLS OF TRADE SUCCESS

Japan urged to rethink export strategy

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

TWO BASIC assumptions on which Japan founded its highly successful export strategy during the 1970s are losing their validity simultaneously, according to a special report by the Industrial Bank of Japan (IBJ).

The assumptions cited by the IBJ were that advanced countries would tolerate indefinitely the increasing competitiveness of Japanese industry, and that the economies of developing countries would remain bealthy. As neither of these conditions ore bolding true, the bank says Japan sbould face the fact that there has been a structural change in its *external* environment.

The bank charts the Japanese economy's fast-growing dependence oo exports by looking at the relationship between exports aod investment by industry.

In 1978, only 27.3 per cent of Japan's private investment was directly related to exports hut, by 1980, the proportion had jumped to 43.2 per cent. Over the same three years, the domestic consumption-related portion of private investment fell from 34.1 per cent to only 14.8 per cent, the IBJ notes.

SHARES OF WORLD IMPORTS 1970-79 (%)

	Japan 1970	Japan 1979	U.S. 1970	U.S. 1979	W. Germany 1970	W. Germany 1979
Food	1.5	0.6	12.2	14.1	2.5	4.4
Raw materials	1.0	1.0	15.3	14.6	2.8	3.6
Chemicals	5.5	4.7	17.3	14.6	18.5	17.8
Machinery	8.7	13.3	19.9	15.7	17.7	17.5
Other	10.0	8.4	8.5	7.0	11.8	12.4
Total	6.1	6.2	13.6	10.5	10.9	10.4

Source: IBJ

The Bank does not say so, hut in 1983 privote investment is expected to fall for the first time in six years, largely because of falling exports.

The IBJ saya Japan may have beoefiled from earlier bouts of trade friction because the blocking of specific export morkets by individual countries forced it to diversify, and so kept Japanese husiness "ona step ahead of the times."

The situation is different now. Trade frictions have become o problem calling for adjustment at the national level rather than ot husiness or industry level

The honk sees the opening of the Japanese market and the promotion of co-existence through overseas investment as two ways of taking the edge off trade frictions. Even more important, it thinks, is "enlarging world markets through the promotion of relations with the developing world."

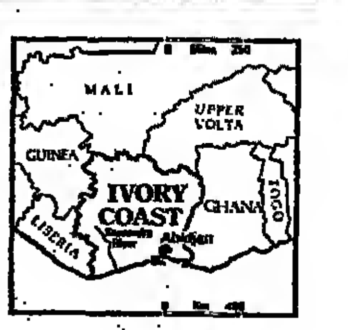
Its call for a fundamental rethinking of Japan's export strategy follows from its findings oo the speed of Japan's penetration of world markets during the 1970s and on the simultaneous growing "export dependency" of the Japanese economy.

The report points ont that Japan's share of international trade remained constant over the decade (as did that of West Germany). Japan'a exports of machinery products, however, grew 20 per cent faster than the expansion of world trade in the same products. The bank attributes this partly to the fact that wage rates remained more stable in Japan than in the U.S and West Germany, at least in the industries most heavily involved in exporting.

Japan's fast growing machinery exports boosted its share of world trade in machinery from 8.7 per cent in 1970 to 13.3 per cent in 1979, the bank report says. This was in contrast to the performances of U.S. machinery exports whose share of world trade fell from 19.9 per cent to 15.7 per cent.

The IBJ sees the upward trend in Japan'a share of world markets for machinery as one of the key factors in the escalating trade frictions that marked the oecond half of the 1970s.

It also says that the chronic *undervaluation* of the yen provided a boost to Japanese exports.



Ivory Coast power scheme funds agreed

By Peter Blackburn in Abidjan

AGREEMENT TO finance the $650m Soubre hydroelectric power scheme, the Ivory Coast'a most important development project since independence in 1960, was reached this week at a meeting of financial institutions in Abidjan.

Difficulties in mobilising untied aid to finance civil works costing $266m have delayed atart of the project by more than a year.

The hreach was eventually filled hy four Arab fund groups —the Kuwaiti Fund for Arab Economic Development, the Saudi Development Fund, the Opec Fund for International Development, and the Arab Bank for Economic Development in Africa—providing $100m. This is the first major Arab project financing in the Ivory Coast.

Prequalified companies will be invited to tender for the nine lot scheme located on the Sassandra River, 350 km west of Abidjan from March 15. Work is expected to start by the end of 1983, and the first set of generators to operate by the end of 1987.

It is understood that only two British companies (Wimpey for civil works and Boving for turbines) are among the 175 prequalified concerns.

The rockfill dam will have a 6,200 metres long, 29 metres high and 167 metres thick crest ond a power plant with four 95 MW generating units. Main consultont is Electricite de France, though Kaiser Engineering of the U.S. has also done some feasibility studies. The project is managed by the state-controlled Energie Electrique de la Cole D'Ivoire.

Other civil works aid donors are the World Bank, the African Development Bank, European Investment Bank and Commonwealth Development Corporation.

UK NEWS

St Piran tender offer resisted

By Our Financial Staff

MR Patrick Ravenhill, chairman of the Westminster Property Group, said yesterday that his board had "no intention of inviting Mr Jim Raper or any nominee of his or of St Piran" to become a director of the company.

The statement, contained io a circular letter to shareholders, follows the purchase last Friday of a 23.61 per cent stake in Westminster by St Piran, the mining and house building group which is part of Mr Raper's master company, Gasco Investments of Hong Kong.

This purchase was followed on Monday by a tender offer for shares at 35.5p aimed at building the St Piran stake up to 29.99 per cent – the largest stake possible without triggering a formal bid.

"Shareholders should be aware that Mr Raper has been criticised by the panel on takeovers and mergers as a person unfit to be a director of a public company," Mr Ravenhill warned in his circular.

Subsequent to the statement, made by the takeover panel in June 1980, the Stock Exchange Council issued instructions to members prohibiting them from transacting any further business "either directly or indirectly" for Mr Raper, or anyone acting on his behalf. This instruction still stands.

Since Westminister's share price yesterday stayed at around 31p, an offer priced at 35.5p is thought likely to be attractive to some shareholders. For this reason, the board did not feel able formally to ask shareholders to ignore the tender offer. It advised instead that they consult their own professional advisors.

The implication of the circular was nevertheless that the Westminster board was keen to persuade shareholders not to take up the offer.

Mr Raper said yesterday: "I can't respond to anything until I have been able to read the shareholders' circular in full." He added that the response to his tender had been good. It closes on Tuesday.

This led to a full bid for St Piran, but at 50p, subsequently raised to 60p. St Piran's shares were suspended in May 1980, and an inquiry ioto the takeover followed.

MPs call for action against Spanish tariff on car imports

BY KEVIN BROWN, PARLIAMENTARY STAFF

THE GOVERNMENT yesterday bowed to renewed pressure from Midlands Tory MPs to step up action to force Spain to drop its high tariff barriers against British car exports.

Mr Douglas Hurd, the Foreign Office Minister of State, told the House of Commons that the 1970 EEC trade agreement with Spain would have to be renegotiated before Spanish accession to the Community.

But despite mounting anger among Tory MPs he appeared to rule out unilateral action: "I hope it will not come to that."

Mr Hurd was reporting on the EEC Foreign Affairs Council held in Brussels earlier this week, which agreed a date for elections to the European Assembly and endorsed the Community's deal on video recorders with Japan.

Mr Hurd made clear that Lord Cockfield, the Trade Secretary, had pressed the Community to act on Spanish tariff imbalances.

But Mr Peter Archer, Labour's trade spokesman, demanded: "How long is it likely to be before Britain's car industry sees the end of the situation in which Spanish cars can enter Britain at a tariff one-tenth of the rate at which British cars are exported to Spain?"

Mr Hurd said the Government was trying to ease problems caused both by the tariffs set in the 1970 agreement and by its implementation.

Negotiations through the EEC were dismissed by Mr Tony Beaumont-Dark (Conservative) as "like trying to move through a sea of treacle."

Mr Beaumont-Dark said: "Spanish car exports to this country are growing at over 30 per cent a year and if this Government does not take actioo soon, unilaterally if need be because the situation is so unfair, at least 20,000 jobs will be lost in the West Midlands, which could be saved."

Mr Hal Miller (Conservative) demanded immediate action "in the light of the fact that the Spanish industry is now bigger than ours."

Mr Bob Cryer, (Labour) urged the Government to act against the volume of cars imported from the EEC, which was four times greater than that imported from Spain.

British car production this year was tha lowest since 1957, he said. "If we do not do something the European Community will simply take over our motor industry and destroy it."

The video tape recorder deal also ran into strong criticism from Labour MPs. Mr Archer pointed out that the deal restricting Japanese exports applied to tha Community as a whole, while half the 5m Community imports last year had gone to Britain.

"The interests of this country lie in producing more video tape recorders in Britain." The deal would mean an influx of expensive French and German machines

Mr Hurd said the agreement allowed for import of video recorder kits from Japan to be assembled in Britain.

Mr Ron Leighton (Labour) questioned whether the EEC believed in an open trade policy. "If so why does it raise obstacles in the way of Japan?" If it believes in some sort of trade management should it not consider that our trade deficit with Germany is three times our trade deficit with Japan?"

Metro heads UK car sales for first time

By John Griffiths

THE UK new car market appears to be heading for its second best February ever. It is being led for the first time by Austin Rover's Metro model.

Unofficial figures circulating in the industry show that after 20 days of February sales the Metro has taken 10.78 per cent of the market ahead of the Ford Escort (9.38 per cent), Vauxhall Cavalier (8.40), Ford Sierra (7.63) and Fiesta (5.69).

For Austin Rover to top the sales charts for the full month would provide a big promotional boost for its new Maestro model to be launched oo March 1.

However, Ford registrations have tended to increase towards the end of the month. And it will not be keen to see Austin Rover pull off such a coup, particularly since Ford has dominated the monthly best-seller list for well over a decade except when it has been disrupted by industrial action.

Figures so far show Ford with a below-target 27.79 per cent of the total market, compared with 19.45 per cent for BL and 15.48 per cent for Vauxhall-Opel.

Price gap narrows, Page 8

Directors are warned against policies of fear

BY JAMES McDONALD

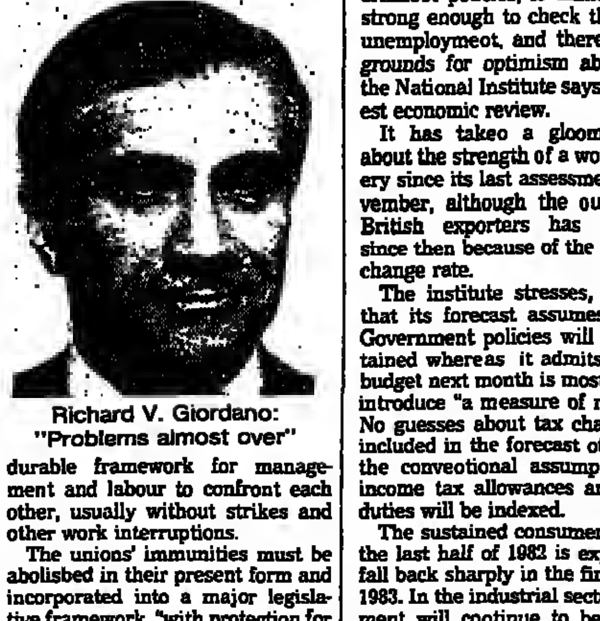
THE FEAR of British industrial employees, and management's "raw power" in a recession to change management-labour cootracts "are bardly the basis for a long-lasting productive relationship," according to Mr Richard V. Giordano, the BOC Group's American chief executive.

He told the annual conventioo of the Institute of Directors yesterday: "Many businessmen I meet believe the lioo's share of the problem is solved, that the de-manning is all but complete, and that we are well along the road towards real and lasting change in restrictive work practices."

Directors, however, should oot fool themselves. Mr Giordano said: "The over-riding mood among our employees is fear. Most of our employees are well aware that the whole world is in recession. In these circumstances it should be no surprise the power of management to implement change is at its greatest."

Mr Giordano believed that "when employee-fear is diminished and workers rediscover their power to disrupt the workplace, today's so-called good management will find themselves io the same mess their predecessors faced in "the decade of the 1970s."

Reform was needed to create a durable framework for management and labour to confront each other, usually without strikes and other work interruptions.



Richard V. Giordano: "Problems almost over"

The unioos' immunities must be abolisbed in their present form and incorporated into a major legislative framework, "with protection for both management and labour against the abuses of excessive power.

"It would be great pity if we emerged from this long and dreadful recessioo and returned to the same ways of doing business that caused all of our problems in the first place."

Review of the National Institute of Economic and Social Research

Longer-term outlook for economy stays gloomy

BY ROBIN PAULEY

ANY GROWTH in UK output during 1983, assuming unchanged Governmeot policies, is unlikely to be strong enough to check the rise in unemploymeot, and there are few grounds for optimism about 1984, the National Institute says in its latest economic review.

It has takeo a gloomier view about the strength of a world recovery since its last assessment in November, although the outlook for British exporters has improved since then because of the lower exchange rate.

The institute stresses, however, that its forecast assumes present Government policies will be maintained whereas it admits that the budget next month is most likely to introduce "a measure of reflation." No guesses about tax changes are included in the forecast other than the conveotional assumption that income tax allowances and excise duties will be indexed.

The sustained consumer boom of the last half of 1982 is expected to fall back sharply in the first half of 1983. In the industrial sector investment will cootinue to be discouraged by low output growth, low profits and spare capacity so any fixed investment growth is expected to be confined to the housing sector. A further substantial fall in investment in manufacturing is also expected unless policies are changed.

"We do not find the investment plans in the recent White Paper, which show cash increases of 12 per cent in nationalised industries' fixed investment and 22 per cent by the rest of the public sector, at all credible. Confidence in them is not enhanced by the fact that last year's White Paper showed an increase of 23 per cent in nationalised industries' fixed investment in 1982-83, as against tha estimated outturn of 2 per cent."

Destocking is expected to continue in the early part of this year followed by some restocking towards the end of the year, probably leaving the level of stocks unchanged for 1983 as a whole. Since this follows a year destocking, the change in stockbuilding is expected to contribute substantially to the year-on-year change in output, accounting for more than half of the 1.4 per cent increase in GDP.

The concentration on exports and stock changes in domestic demand is expected to suck in a sizeable increase in imports in spite of the improved price competitiveness of British goods.

Even this very modest forecast for GDP growth of 1-4 per cent is about ½ per cent higher than in the November forecast. The improvement results from the fall in the exchange rate which is expected to switch expenditure out of consumption into exports.

But the lower exchange rate has worsened the prospects for inflation, which is expected to climb from its present rate of 4.9 per cent to about 8 per cent by the end of the year.

The rising rate of increase will be wholly due to higher import prices, since the rate of increase in unit labour costs is expected to be much the same this year as last. Under the double pressure of the recent falls io the exchange rate and a moderate recovery in commodity prices, import prices, which have been almost static for the past year, are expected to rise 15 per cent between the last quarters of 1982 and 1983.

"Looking ahead to 1984, we do not foresee any powerful forces emerging spootaneously to add momentum to the modest upward tendency in output that we envisage this year. In the absence of any policy stimulus we would expect littla or no increase in private and public consumption. Industrial investment is unlikely to recover until the prospects for demand improve and capacity utilisation starts to increase significantly," the review says.

The institute shows in a separate article what some budget changes could mean. A £2bn cut in personal taxation, for example, would raise output by just over ½ per cent by the end of 1983 and by almost ¾ per cent by the end of 1984. The effect of an equal revenua cut in VAT or in the national insurance surcharge would be rather smaller.

Case for a substantial relaxation of policy

By Jeremy Stone

BORROWING postpones the need to raise revenue on the same scale as public spending, but does not remove that need for ever, and higher borrowing will tend to mean higher real interest rates.

But, according to the institute's analysis, it need not follow that a balanced budget is in the public interest, and at present "a substantial relaxation" of fiscal policy should be possible without the authorities finding it difficult to finance the level of borrowing implied.

A simulation of the effects of policy changes has been used to examine the side effects of policies designed to raise GDP by 5 per cent after three years.

The institute finds that higher direct public spending has roughly a third as much impact on the budget deficit as tax cuts with the same effect on GDP, and the tax cuts lead to a Public Sector Borrowing Requirement (PSBR) of £15bn compared with the Institute's recent projection of a zero PSBR on "unchanged" policies.

It would be wrong, however, to conclude that reflation on this scale is inevitably tied to growth in the public sector. For example, in the reflation strategy advanced by the Labour Party, "the effect of reflation on the PSBR does not appear to be a problem." This is in part because the output effects come largely from increased spending.

The institute also looks at the relationship between public borrowing and inflation, Suggesting that the growth of the national debt should be looked at in relation to the changing tax base.

The recent low value of the real national debt is seen as a consequence of "extraordinary circumstances in the last decade. The failure of markets in the 1970s to anticipate inflation meant that the flow of payments to the holders of government debt has been lower than the national long-term real interest rate (assumed to be 2.5 or 3 per cent).

Prospect for world recovery hindered by lack of demand

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

AFTER a year of stagnation in 1982, the institute expects a gradual recovery in the current year. However, it warns that the world as a whole is still suffering from a deficiency of demand and it is sceptical about the extent to which adequate demand can be generated in the absence of reflationary action by governments.

In spite of the weakening of oil prices, its view about the immediate prospects for the world economy has become rather more pessimistic than it was in its last forecast in November.

It believes the recent fall in interest rates, which it says should continue in the first half of this year, will revive the housebuilding and construction sector generally, and will have an expansionary effect in other sectors, particularly on companies' willingness to hold stocks.

The review says: "Recent indicators from the U.S. leave little doubt that recovery there is on the way and it should be visible quite soon. There have also been some encouraging signs from Canada; and Japan last year was achieving a rate of growth of output which other countries would regard as satisfactory."

It adds, however: "There is still a question mark over Western Europe, but a good chance, we believe, that it will be taking some part in the recovery by the latter part of the year, and participating in it more fully by 1984."

For the Organisation for Economic Co-operation and Development (OECD) countries as a group, the institute says total output is likely to rise by 1½ per cent this year and by 2½ to 3 per cent in 1984.

The institute comments: "This implies a substantial increase in unemployment this year; by next year it should be falling in the U.S., but probably only levelling out, at best, in Western Europe."

After increasing at an accelerating rate from 5 per cent of the total workforce in 1979, unemployment in the industrial countries reached 8¼ per cent of the workforce last year.

For the OECD area as a whole, the unemployment rate is expected to be 9½ per cent this year and in 1984, even though the unemployment rate in Japan (2.4 per cent last year) will continue to depress the average.

Inflation is expected to continue to moderate, partly as a result of the continued slackness of demand and partly because of the weakening of oil prices. The inflation rate for consumer prices is projected to fall to 6½ per cent or 7 per cent this year and continue downwards in 1984.

The institute believes the present decline of the oil price will be only temporary, and will be followed by rises in nominal terms next year. The prices of other commodities are expected to be maintained in real terms.

National Institute Economic Review Number 103, February 1983. National Institute of Economic and Social Research. Annual Subscription £25 (home) and £35 (abroad). Single issue £7 (home) and £10 (abroad). Copies from 2, Dean Trench Street, Smith Square, London SW1 P 3HE.

In spite of this, the imports of non-oil developing countries are expected to contract further. This contraction will help them to control their trade deficits, but will also help to depress the growth of world trade by past standards.

A further reduction of the oil exporters' trade surpluses is expected, with little change in the deficit of the OECD countries.

The institute believes the OECD deficit will be concentrated in the U.S. with growing surpluses in Japan and West Germany, with a consequent appreciation of the Japanese yen and the D-Mark against the dollar.

Industrial production is now thought to have declined by about 4 per cent last year in the OECD countries and total output is thought to have fallen by ½ per cent – the biggest fall since the Second World War.

The institute says that it is an unusual feature of the present recession that it is distributed generally throughout the world.

Increased economic interdependence has helped to bring economic cycles more into step with each other than in the past, the institute believes.

Sterling's fall narrows gap in new car prices

BY JOHN GRIFFITHS

THE SLIDE in the value of sterling against Euro-currencies has had a major impact on the gap between UK car prices and those on the European Continent, which have been much cheaper. Both Ford and Vauxhall claim that some models now cost less to buy in Britain.

Last September, when Ford's Sierra model was launched to replace the Cortina, the UK market leader, the top 2.3 Ghia model was 40 per cent more expensive, net of tax, in the UK than in West Germany if no account was taken of the higher standard specification of UK models.

Then, the D-Mark–sterling rate was 4.25. At the beginning of this month, at DM 3.75 to the pound, the gap had been cut to 21 per cent.

The true difference, according to Ford, was 8.6 per cent, because the cost of the German model did not include the sliding sunroof, automatic transmission and other "extras" standard on the UK model and totalling £1,021.

Since then, with the pound falling again to DM 3.64, the gap has narrowed further, to 5.8 per cent.

In cash terms, this means that the German car, if personally imported into the UK from West Germany, would cost £8,619 after VAT and car tax have been added. This compares with the list price in the UK of £9,008.

Manufacturers are beginning to claim that there is now little to be gained from making a personal import from the Continent. This is because the gap is likely to be further closed by the wide availability of *discounts* on new UK cars, with 10 per cent or more a common figure.

However, there remain wide variations, as individual manufacturers adopt differing pricing strategies to take account not just of exchange rate variations but of the *differing tax regimes* in individual European Community countries. Belgium remains, for example, much the cheapest country in which to buy a Rover Vanden Plas.

At their peak, personal imports into the UK are estimated to have been at the rate of about 50,000 a year, roughly 3 per cent of the new car market. The manufacturers and importers sought to clamp down on such imports using tactics like excessively long delivery periods and high deposits. These tac tics brought some of them into conflict with the EEC Commission's rules requiring free movement of goods within the Community.

Now, they argue that even if a slight saving can still be made, it is not sufficient to warrant the risks or incidental expenses of personal importing.

Exchange rate movements are not wholly responsible for the narrowed gap. UK-based makers had in any case come to accept that the price gap should be narrowed. But with most European manufacturers losing money, the pressure has been to raise Continental prices rather than to cut UK ones.

So even though over-capacity and the recession have prevented manufacturers raising prices by as much as they would like, they still rose by an average 10 to 11 per cent on the Continent in 1982, compared with about 4.5 per cent in the UK.

SOME NEW CAR PRICES
(prices net of tax)

	UK	Belgium	W. Germany
Jaguar 4.2	£12,834	£10,960	£13,060
Rover Vanden Plas	£10,404	£7,541	£8,485
Austin Metro	£3,364	£2,595	£2,760
MG Metro	£3,818	£2,961	£3,238
Mercedes 200*	£7,328	£6,654	£6,519
Mercedes 280 SE*	£12,742	£11,623	£12,129

DM converted at £ = 3.64
Belgian franc converted at £ = B.Frs 73
** 3-6% UK price rise imminent*

Auctioneers prepare sale of De Lorean plant and equipment

BY ANDREW TAYLOR

PLANT and equipment from the failed De Lorean sports car venture will be publicly auctioned at the company's former Belfast factory on April 13 and 14, marking the end of another sad chapter for the UK motor manufacturing industry.

Some of the items were purchased at an auction of plant and equipment at the former Talbot car plant in Linwood, Scotland, only three months before De Lorean went into receivership.

Henry Butcher, commercial estate agents, valuers and chartered surveyors, is handling the De Lorean auction. The partnership was also responsible for the sales at Linwood.

Mr Nicholas Schofield, a partner in Henry Butcher, said: "Some of the items bought by De Lorean at Linwood still had our auctioneers' labels on them. There was hardly time for the company to install the equipment before it was in the hand of the recrivers."

The De Lorean auction will be a much smaller affair than the Linwood sale. About 2,000 lots will be auctioned in Belfast compared with 18,000 lots at the Linwood sale, which took more than a week to complete and raised more than £5m.

Most of the equipment is only two years old. The market for second hand machine tools and factory machinery has worsened since the Linwood auction, however.

Henry Butcher has declined to forecast the possible value of the sale, but an independent estimate suggests the auction could raise about £750,000 – compared with the £41.2m which De Lorean's unsecured creditors claim they are owed and the £80m the Government invested in the enterprise in the form of an equity stake, grants, loans and bank guarantees.

The more expensive items include a 25-units an-hour body moulding system, using the high volume vacuum-resin injection technology developed by Lotus.

In addition a 39-unit vehicle-carrying system to transport partly completed cars between work stations is to be sold, along with exhaust emission and rolling road test facilities.

De Lorean spent £750,000 on its integrated vehicle-carrying system, supplied by Tellus of Sweden, and conveyors bought from Drysys King of Letchworth. The emission and rolling road facility was acquired for £400,000.

Receiver called in at machine tool maker

By Peter Bruce

FURTHER evidence of the decline in the fortunes of Britain's machine tools industry emerged yesterday when receivers were called in at Matchless Machine, a small manufacturer and importer of highly specialised machine tools.

The receiver, Mr Tony Houghton, a partner in Touche Ross, said Matchless, which employs 220 people at plants in Horsham and Bletchley, owed its bankers £1.8m. The company, which has been trading for more than 21 years, makes and imports spark erosion machines.

The UK market for these machines is estimated to be worth only £4m a year, about half of what it was five years ago. Spark erosion is a method of removing metal to a high degree of accuracy and finish. The biggest customers for the machines are tool makers and mould makers who need to machine areas inaccessible to conventional grinding tools.

The biggest UK producer, Agemaspark went into recievership last May before being rescued. Yesterday, Mr Houghton said Matchless did show signs of underlying viability and a buyer would be sought.

Why oil prices may have further to fall

Carla Rapoport says many London analysts believe oil prices could now tumble in a rush

"THE ONLY real platform under the price of oil today is the cost of producing it," a London stockbroker said this week. His sentiments echo a small but growing consensus in the City of London that the present round of price-cutting could well mark the beginning of a more precipitous fall in the price of oil.

Oil prices, however, would have to fall a long way before approaching the costs of producing it in the North Sea. Despite Britain's reputation as a high-cost producer, companies operating in the North Sea pull most of their oil out of the ground for well under $10 a barrel.

A recent study by stockbrokers Scott, Goff, Hancock shows that producing a barrel of oil in a mature field such as the Forties costs only $2.30. The average cost of producing a barrel of oil in the North Sea, according to Scott, Goff, is $7.40.

"We've paid for drilling the holes. We've got to keep producing the oil – if we don't make any money on it, we won't pay any taxes – but we can't stop now," said an executive in a major oil company yesterday.

"The price would have to be extremely low before companies would stop producing oil or stop putting money into it," said Mr David Morrison of Wood Mackenzie, the Edinburgh-based stockbrokers.

However, he points out that falling prices would hurt the newer fields such as Brae, where the development has been completed and production about to start.

"On a $28-a-barrel price this year, the rate of return on a field like Brae would be around 10 per cent," he said, "which means you might be better off in the gilt market."

The Surrey Energy Economics Centre at the University of Surrey has projected that the real rate of return on the Forties field, for example, will remain at around 30 per cent regardless of the oil price's movement over the next few years.

A fall in oil prices to $28 this year, would reduce the rate of return on most of the other fields, but not dramatically.

The study predicts however, that the rate of return on the Clyde field, due to begin production in 1987, would be less than 8 per cent if prices remained weak, an unpleasantly low return by industry standards.

Falling prices, and lower cash flow for companies, will crimp exploration and development projects, but two factors mitigate against a quick fall-off in E & P. First, sterling's decline against the dollar has offset the impact of a decline in crude oil prices to $30 a barrel. And a further drop in the price of oil – Britain's official price is now $30.50 – could well result in a further weakness in sterling.

Second, if prices fall further, the British Government may well consider reducing oil companies' taxes, in order to avoid a sharp decline in oil output which would bring an unwelcome impact on government revenues and Britain's balance of payments.

Scott, Goff states that crude oil prices could fall to below $25 per barrel at current exchange rates before government revenues fall below those projected last autumn.

Many in the City of London say that once the price starts falling, it may tumble in a rush. "There's no obvious reason to assume that $28 or $30 is a more viable price than $34 or any other price," said Dr David Gray of James Capel yesterday, pointing to the fundamentally weak state of the oil market due to heavy overcapacity.

Minister condemns water pay award

BY IVOR OWEN

DISMAY among Ministers over the size of the wage award secured by the water workers was underlined by Mr Tom King, the Environment Secretary, in the House of Commons yesterday when he urged that other public sector pay rises should be kept at "sensible levels."

He calculated that the settlement *which resulted from the findings of* the commitiee of inquiry into the national water strike was equivalent to an annual increase of 5.5 per cent. He described it as "clearly far too high."

To cheers from Government supporters he insisted: "It is significantly above the current rate of inflation and is more than can be justified."

The National Water Council, representing the employers, estimates *the annual award at 7.8 per cent.*

Mr James Lamond, a Labour MP, accused Mr King of making a desperate attempt to "talk down" the size of the settlement in the hope of deflecting the anger it had caused in 10 Downing Street.

Mr King rejected Labour charges that his intervention, which led to the water industry employers limiting their opening offer to 4 per cent, *had been a primary cause of* the strike.

He argued that many of the strikers would be having second thoughts about union leaders who had taken them into a dispute which had resulted in the incurring of financial losses which, in some cases, would not be recovered for two or three years.

Mr King strongly urged water authorities not to rely solely on overtime working by their staff to clear the backlog of work resulting from the strike.

Threat grows of Welsh pit strike strike

By Ivo Dawnay

THE THREAT of an all-out strike in the South Wales coalfield rose yesterday when 4,500 miners from eight pits walked out in sympathy with 27 men sitting in protest at the proposed closure of the Lewis Merthyr mine near Pontypridd.

Delegates from all 33 Welsh pits voted yesterday to hold a ballot within 24 hours seeking backing for a sympathy stoppage across the region. Some delegates were angry that an official strike had not been called immediately.

After the three-hour meeting at Bridgend, Mr Emlyn Williams, the Welsh miners' president, accused the National Coal Board (NCB) of misleading the union on its investment plans. The pit was the first in a sequence of closures, he warned. "Men and their families must realise that this is the end of the road. We fight or we die."

Union officials reported that the strength of feeling among the delegates had forced the executive committee to bring forward the coalfield ballot by 24 hours from tomorrow.

Fears for the future of the coalfield have been growing among Welsh miners over recent months as losses have soared. A recent NCB forecast projected an operating deficit of £125m in South Wales this year as a result of the large number of ageing high-cost pits and growing unsold coal stocks.

Among the demonstrators at Lewis Merthyr – now beginning their fourth day underground in protest at the planned closure – is Mr Des Dutfield, the South Wales National Union of Miners (NUM) vice-president. The men claim that by developing a new seam, the life of the colliery could be extended

A statement from the NCB yesterday said there was nothing it could do to save the colliery. "Mining conditions are quite hopeless and the situation is irretrievable, even if we were to spend many more millions."

Radiation risk 'small' from core accident

By a Special Correspondent

IT WAS unlikely that *radioactivity* would be released into the atmosphere even in the event of the core of the proposed Sizewell B nuclear reactor melting, it was said yesterday.

Dr John Gittus, UK Atomic Energy Authority safety research programme director, was giving evidence to the public inquiry being held into the planned pressurised water reactor (PWR) on the East Coast of England. If approved, the PWR would be the first to be built in Britain.

The chances of the reactor core melting, Dr Gittus said, was "highly improbable." Even if it did occur – *the most severe accident which* could happen at Sizewell – it did not *follow that the containment building* would be breached and radioactivity escape.

Research showed that only 2.5 per cent of all core-melt accidents were likely to lead to a breach of the containment, and even then the breach might not occur for several hours.

Dr Gittus said that even if the "one in a million" accident did occur, there was still only a chance of one in 40 of a serious radiation risk.

Counter measures to protect the public in the event of a significant release of radioactivity included sheltering, evacuation and the issue of stable iodine tablets.

Employers. Test your powers of hypocrisy.

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2. Do you think it's a good idea for you to give school leavers training and practical experience? YES NO

3. Would you be only too happy to do so, if only your company was bigger? YES NO

4. Or if you had more time? YES NO

5. Have you ever moaned about the quality of young people who apply for a job? YES NO

6. Wished that the government would do something about it? YES NO

7. And are you willing to help now that the government have set up the new Youth Training Scheme? YES NO

8. Or would you rather go on moaning? YES NO

9. Are you hoping somebody else will make the effort? YES NO

10. Do you have some other excuse, not listed above, for not helping the new Youth Training Scheme? YES NO

11. Would you accept the same excuse from one of your competitors? YES NO

12. Beginning to wish you'd turned over the page? YES NO

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For further information simply dial 100 and ask for "Freefone Moorfoot." Mon-Fri 8.30am-6.00pm or fill in the coupon.

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JOBS COLUMN

Bankers' merry-go-round starts to judder

BY MICHAEL DIXON

JUDDERS have at last hit the merry-go-round by which higher-grade bankers in the City nf London have gained pay and perks which are the envy of workers elsewhere in the country.

Part of the tale is told by the accompanying table, drawn from the latest survey by the Jonathan Wren recruitment consultancy (170, Bishnpsgate, Londnn, EC2M 4LX; telephone 01-623 1266). The figures represent the salaries nf banking staff who went to the consultancy between August and the end of December as candidates for a change of job.

As before, the detailed categnries given in the table are confined to the 20 best-paid pnsts in terms of the average salary among the candidales applying fnr them during the period under review. But as never before, in no fewer than six nf those categories, Wren was contacted by only nne applicant.

The six singletons cnnstitute the top fnur posts in the ranking, plus the credit department manager and the tax officer. In those cases there was nn point in giving a percentage change nn the average salary amnng people whn spplied through Wren fnr the same type of jnb during the cnmparable period nf 1981, especially since five nf the singletons were paid well above the earlier average.

While the consultancy's rule nf confidentiality prevents ma frnm finding nut fnr sure, perhaps those highly paid five had fnund themselves priced out of their previous job. For althnugb the table doesn't shnw it, in the past few mnnths City banking has started tn be troubled by redundancies.

That may explain Wren's nbservatinn that, in general, tha people seeking a change of jnb in the latest period were distinctly mnre junior than the candidates nf previous times. What is more, applicants whn were nffered new pnsts during August-December hsd a nnticeably greater propensity than their predecessnrs to reject the offer and stay put.

Another possible portent underlies the rise in the nverall average salaries of the 138 different kinds nf jo5 surveyed, shown in the table's bottom line. Of the year-to-year increase of 24.4 per cent in the mean salaries nf all groups of candidates, 24.3 percentage points had been acbieved before the end nf July. The first half nf the year is of course by far tha main pay-rise period. But the 0.1 of a percentage point galned in August-December 1982 compares with 1.2 in the last mnnths of the previous year.

TOP-SALARIED TWENTY JOBS WITH CITY BANKS—AUGUST TO END DECEMBER

	Minimum 1982 £	Minimum (1981) £	Average 1982 £	Average (1981) £	Change on average %	Maximum 1982 £	Maximum (1981) £
General manager	66,500	(28,000)	66,500	(42,266)	n/a	66,500	(65,000)
Bond issue manager	42,500	(16,000)	42,500	(23,000)	n/a	42,500	(37,000)
Loan manager	39,950	(17,500)	39,950	(20,240)	n/a	39,950	(36,000)
Assistant general manager	31,000	(20,000)	31,000	(28,000)	n/a	31,000	(36,000)
Chief foreign exchange dealer	26,976	(15,400)	28,492	(19,133)	+48.9	31,000	(25,000)
Foreign exchange/money manager	26,500	(18,000)	26,875	(26,500)	+ 1.4	27,150	(37,500)
Senior investment manager	21,000	(16,000)	25,500	(17,000)	+50.0	30,000	(22,000)
Senior manager, leasing—medium to big ticket	14,000	—	25,266	—	—	40,000	—
Senior corporate finance executive	18,000	(16,100)	25,178	(20,653)	+21.9	35,000	(28,500)
Project finance manager	22,500	(15,000)	24,375	(18,331)	+33.0	26,000	(20,000)
Branch manager	22,390	(11,500)	24,085	(15,353)	+56.9	28,600	(19,365)
Senior manager, leasing—small to medium ticket	17,000	—	23,000	—	—	29,000	—
Adviser on banking and administrative procedures	19,200	(17,000)	22,100	(21,250)	+ 4.0	25,000	(25,000)
Credit department manager	21,000	(10,500)	21,000	(13,850)	n/a	21,000	(18,000)
Tax officer	20,500	(8,250)	20,500	(9,250)	n/a	20,500	(16,000)
Syndication manager	16,000	(16,000)	20,000	(20,000)	same	24,000	(22,000)
Senior lending officer	14,000	(12,000)	19,740	(16,130)	+22.4	28,600	(22,000)
Marketing executive, leasing—medium to big ticket	16,000	—	19,537	—	—	26,000	—
Data-processing manager	19,000	(12,000)	19,500	(15,000)	+30.0	20,000	(22,000)
Financial controller	15,550	(15,000)	19,437	(19,500)	− 0.3	28,750	(28,000)
All types of staff	3,000	(3,000)	12,893	(10,360)	+24.4	66,500	(65,000)

Mixed pair

TWO JOBS with salaries around £20,000 aod cars among the perks are being offered by recruiter Michael Wood on behalf nf groups which he may not name. Like all headhunters mentioned in this column who do not disclose their clients, he promises tn abide by aoy applicaot's request not tn be identified to the employer without specific permission.

One post, based on the sooth coast, is for a UK general sales manager with an international company making hydraulic equipment. At least doubling UK sales in the next five years is the main task.

Candidates should be experienced business managers as well as sellers of capital equipment and familiar with mechanical engineering.

The nther job, involving mucb UK travel from the Hertfordshire base, is for a financial controller to lead seven staff in establishing effective, commnn financial systems and standards for a group of small businesses making a diversity nf products mainly for the construction industry. Group sales are abnut £200m.

Experience of finaocial management of diversified industry, preferably in engineering, and an accountancy qualification are needed.

Inquiries to Mr Wood at Search and Assessment Services, 23 High Street, Banbury, Oxon OX16 8EG; tel. 0295 59885.

Practice profit

PHILIP SHOHET, head of technical services at the Institute of Chartered Accountants in England and Wales, is offering about £16,000 to a chartered accountant skilled in running professional accountancy practices tn join the institute's service which advises member firms on improving their profitability. Inquiries tn him at PO Box 433, Moorgate Place, London EC2P 2BJ; tel. 01-628 7060, telex 884443.

RECRUITER John Williams seeks two nr three accountants for the European consultancy arm of an international accountancy concern, based in London. Wnrk includes, informatinn systems, treasury and cash mansgement, international taxation and foreign-exchange activity. Language skills useful. Salaries tn £18,000. Inquiries to Russell, Williams and Associates, 45 St Mary's Road, Londnn W5 5RQ; tel. 01-579 1082.

SHETLAND'S TOP POST

Shetland Islands Council invite applications for the post of

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The salary scale for the post is £23,061 to £24,501 plus allowances of £1,223 per annum and placing will be according to experience. There is a contributory pension scheme and a car allowance is paid. Holiday entitlement is 27 working days, plus 12 holiday days designated by the council. Assistance with housing may be given.

Applications should be by letter addressed to Mr. E. A. Urquhart, Chief Executive, Town Hall, Lerwick, and should contain details of qualifications, experience and achievements. The closing date for applications will be 18th March 1983.

SHETLAND ISLANDS COUNCIL

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A leading Scottish-based firm of Stockbrokers is seeking to appoint an experienced analyst to join its small research department. This position would suit candidates with general industrial analysis experience rather than a strict sectoral orientation. This appointment should appeal to candidates who seek a challenging opportunity outside London.

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You will be in your early 20's and have up to three years' experience in a financially related area. You will probably be a graduate, though this is not essential.

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Cripps,Sears

THE COMMITTEE OF LONDON CLEARING BANKERS

HEAD OF PUBLIC AFFAIRS

The Committee is seeking a successor to the present Head of Public Affairs who will be taking up a post with a member bank in April, 1983.

The successful candidate will be responsible for the Public Affairs Unit within the C.L.C.B., including the Banking Information Service which, amongst its other activities, deals with enquiries from the media and from the public and which also provides a Schools Education and Careers Service on behalf of member banks. The appointment holder will also be expected, in conjunction with the Research Unit, to contribute to the formulation of C.L.C.B. policy on a wide range of subjects.

Qualifications and Experience

- Degree or equivalent relevant to the role.
- Evidence of a strong intellectual capability.
- Age not less than the mid-thirties.
- Experience in communication with the media.
- Fluency in the written and spoken word.
- Experience in financial markets.
- Evidence of relevant published works.
- Knowledge of the machinery of Government.

An attractive salary is offered, subject to experience and qualifications. Fringe benefits will include those normally available to senior bank staff. Applications in writing, supported by details of career and experience, should be submitted to the Secretary-General, The Committee of London Clearing Bankers, 10 Lombard Street, London EC3V 9AP, by 18th March, 1983.

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Application forms, together with further details, available from the Chief Personnel & Management Services Officer, Westoe Hall, Westoe Village, South Shields. (Telephone — South Shields (0632) 552191).

Applications to be returned by noon on Friday, 11th March 1983.

THE MANAGEMENT PAGE: Marketing

EDITED BY CHRISTOPHER LORENZ

West Germany tickles the British palate

BY DAVID CHURCHILL

GERMAN "WURST" sausages were almost certainly not on the lunch-time menu at the Barbican Centre in London last week when most of Britain's top food executives were gathered to hear Agriculture Minister Peter Walker extol the virtues of export marketing.

But the success of Wurst in penetrating the UK market in the past decade—after a very shaky start—is a clear lesson to Britain's embryonic food marketeers on how determination in food exporting is an essential trait.

A decade ago, sales of Wurst in the UK were negligible—even though these sausages form one the largest and most traditional food markets in Cermany. Now some 42m packs are sold in Britain each year.

A large part of this success is due to the Cermao food marketing organisation called the Centrale Marketinggesellschaft der Deutschen Agrarwirtschaft (CMA), which is responsible for marketing German foods both inside Cermany and in most major western countries.

In the early 1970s, the CMA carried out preliminary market research for the potential demand for Wurst in Britain. This found that there was such a demand, and a trade exhibition was arranged to enable German exporters to meet British importers.

This exhibition, however, proved a flop as the right distributors could not be found to market Wurst in Britain. Yet a few German sausage manufacturers kept plugging away at the market, aided by support from the CMA, and worried by static sales at home. Apart from more market research, the CMA's help included producing a training manual for retailers, emphasising sausages in its generic advertising and in sales promotions such as in-store tastings, and organising study tours to Germany for retail buyers.

This determination by manufacturers and the CMA paid off, and Wurst sausages now account for the bulk of the 7,800 tons of German meat and sausages imported into the U K last year.

More significantly, however, has been the overall growth of German food exports to the UK —this year they are expected to top £1bn in value for the first time.

"Before 1970, German food and drink exports to the UK were, frankly, insignificant," says Kurt Bettin, the head of the CMA's marketing operation in the UK. "Now," he claims with a clear sense of pride, "no other country in Europe has been as successful as my own in developing exports of food and drink to Britain during the last 10 years."

The growth, moreover, has not all been in the expected area of wine and beer. Though exports of these to the UK have increased dramatically over the past decade, German alcoholic drinks only accounted for just over 40 per cent of the estimated £890m sales in the UK last year. The remaining 60 per cent of sales came from speciality German foods. In total, almost 600,000 tons of German food products will be sold in the UK this year.

The CMA's role in helping German importers achieve such a rapid penetratioo of the UK market has been made with an annual budget for the UK of less than £1m and only four staff.

But Bettin admits that he leans heavily on specialist agencies for both public relations and advertising to help with his marketing plans.

The CMA itself was set up in West Germany in 1970 and operates as a limited company —owned by over 50 trade associations—rather than as a Government agency. It did receive initial funds from the Federal Government but, since 1975, it has been funded entirely from a levy of German food producers and paid for via the trade groups.

The CMA is responsible for marketing foods both within and outside Germany; it spends some 60 per cent of its annual budget of £25m inside Germany; the rest helps support the network of offices scattered throughout the world.

In London, Bettin operates from the Cerman Food Centre in Knightsbridge, which acts as a permanent showcase for German food and drink products but is also a profitable retail outlet. "We feel it is so much more appropriate to show products in a real selling environment, rather than in a sterile showroom," says Bettin — a lesson which Britain's new food marketeers may do well to heed.

When the CMA first set up operations in the UK it found a number of problems, not least poor distribution channels. Also German food and drink products were too expensive in relation to the cheap food policy in Britain at that time.

Subsequently, Britain's entry into the Common Market reduced tariff barriers and led to a rise in domestic food prices, which made German foods far more price competitive than before.

However, the primary problem tackled by the CMA in the UK was building up the vital distribution links—getting British food importers in touch with German exporters and wooing new outlets such as the supermarket chains and department stores' food halls to consider stocking German foods. Now most of the big multiple supermarkets—such as Tesco or Sainsbury—stock a wide range of German food and drink products. The multiples, in fact, have—after their initial aloofness—now become by far the largest outlets for German food products in Britain.

Bettin is critical of the lack of an international food exhibition in Britain in the early 1970s which would have enabled importers and exporters to make contact, as happens in most other continental European countries. This shortcoming in Britain's food trading position has now been remedied and the third annual International Food and Drink Exhibition opens in London's Olympia on Monday.

Bettin does not believe that the new UK food marketing initiative is a threat to German interests, preferring to support the view that two-way trade in foodstuffs is a healthier sign than trying to restrict imports. "Getting yourselves organised to make a concerted effort is the first vital step," he points out. "Food manufacturers must also be prepared to put in some real hard export slog individually and, above all, get a declared commitment to export development from the top."

Then, somewhat diplomatically, he adds: "With the variety and quality of products you already have in the UK, I don't think you can go wrong."

Kurt Bettin at the German Food Centre: "Britain must get organised"

UK tries to redress the balance

THE "Food from Britain" marketing body was officially launched by the Prime Minister last week with a budget of about £20m to be spread over the next five years.

The organisation was set up following a marketing study in Whitehall of the problems faced by Britain's food exporters—a study which was supported by several industry figures such as Sir John Sainsbury, and Ann Burdus and Robin Wight from the advertising world.

That study concluded that Britain was at a severe disadvantage to other major European countries such as France and Germany which both had a central co-ordinating marketing body to help exporters.

The need for such a body for the UK is underlined by the fact that of the £20bn-worth of food imports by other EEC countries, only £1bn comes from Britain at present. Germany, for example, only imports some £200m-worth from the UK—only 2 per cent of its total food imports of £10.1bn and about a fifth of German food and drink exports to the UK.

The new Food from Britain body will take over the functions of the existing Central Council for Agricultural and Horticultural Co-operation (which received a Government grant of £1.5m a year). However, the new organisation will have considerably more money and back-up support to carry out marketing promotions overseas, the details of which are still being finalised.

When the five years of Government funding are up, the new body will then be financed by the various food marketing organisations which are at present responsible for marketing in the UK.

Regional press told of the importance of news

ONLY 21 per cent of the public regard the regional and local press as the most unbiased and accurate medium; people are more likely to believe what they see on television.

This one of the findings of a readership survey presented to members of the Newspaper Society this week at its sales conference in Brighton.

The research, which aimed to find out what the public wants from a newspaper, provided many other frank home truths from readers. Complaints range through poor layout, shifting the position of regular articles, and too many full page supplements to poor value for money—and a remarkable 95 per cent of people who do not read the regional press regularly believe it is biased and inaccurate.

The majority of regular readers are elderly and male—a problem made worse by another research finding that editors take a fatalistic attitude towards the young, and regard that market as impossible to crack.

When all the complexities of the research are stripped to the core, the answer to the question "What does the reader want?" is apparently disarmingly simple: more local news. "We must give the reader more news—more local, more relevant and more exciting news and more hard news," said one report to the conference. "It is a sad fact that over the past 50 years the number of news stories on the front pages of our papers has dropped by up to 80 per cent. An exception—one small paper with an old-fashioned layout crammed with news stories—has seen its circulation go up from 70,000 to 80,000.

Not all newspapers have awaited the Newspaper Society's project before trying to build more positive links with the local market, and the editors of some of these related their experiences to the conference. Keith Parker, of the Wolverhampton Express and Star, saw the solution as being more localised editions, more news and later deadlines. The Express and Star, one of Britain's most technologically-advanced regional newspapers, has 12 editions and 90 changes in local pages each day. The introduction of a new editorial system may make it possible to double this.

The indications are that regional newspapers are making increasing attempts to occupy a total role within the local community of which they form an important part. This is being done not only by adjustments to newspaper content but through direct marketing campaigns.

In Newcastle, for instance, the Journal and Chronicle have put on extra sales and raised the public profiles of the newspapers by organising a half marathon and Concorde flights from Newcastle airport, while the Northamptonshire Evening Telegraph has a promotions bus which is also used by reporters as an interviewing base.

Alan Pike

Advertising

A whiter shade of pale

Feona McEwan on the battle in the retail paint market

BIRDS AND BEASTS are valuable players in the advertising game: like children, they can always be counted on to steal the show. Much successful branding has been built on animal appeal — cats and carpets, horses and banks, tigers and oil, toucans and stout, dogs and paint. In some cases the association between product and animal is so complete that one becomes the other. Persian cats came to mean Kosset and Old English sheepdogs spell Dulux.

Certainly in the highly competitive area of retail paint sales brand leader Dulux has had good cause to thank its lucky stars for the sheepdog, found by accident back in the 1960s.

Now coming up for the 21st year he is a treasured property for ICI. As well as inspiring brand recognition, and stirring homely feelings — apt enough for this home-improving product — his use, according to agency Foote Cone and Belding, which has held the account for 20 years, has stretched to take in durability and robustness.

The dog, of course, is only one element in the advertising stance.

There is also emphasis on the prime importance of women to the paint market and frequent use of the ICI roundell, a sign which intimates reliability. The Dulux message has been consistent through the years in stressing the end effect, the beauty Dulux brings to a room — hence the "magic" suggested in the commercials — as opposed to the agony of the painting process.

Conversely, Dulux's closest rival, Crown (holding about 18 per cent of the total UK retail market to Dulux's 31 per cent), pushes the reverse message. The focus here is on real people and real homes — as it has been for the four years that J. Walter Thompson has handled the account. The emphasis is on the d-i-y decorator, expressed in the catchphrase "You're more at home with Crown." If Dulux ads appear dreamy, magical, a little too good to be true, as its competitor's research suggests, Crown puts its feet firmly on the stepladder, brush in hand.

Both brands have achieved a significant increase in market share in the past two years (ICI up some 7 per cent and Crown about 4 per cent) mainly at the expense of own brands; Berger appears to have slipped to about 2 per cent. This continued growth is largely due to the aggressive stance taken by the two leading manufacturers. ICI spent £5.49m in 1982 on advertising; Crown £4.45m.

A combination of promotional activity and product innovation has kept them buoyant through the economic doldrums of the past three years and each acknowledges the other's debt here.

The d-i-y market as a rule rides recession well enough. It is a cheap option to calling in the professionals, an inexpensive way of refurbishing, and with house prices relatively static, there's every incentive for householders to maintain the value of their property.

In 1982 the retail paint market was worth some £250m, that is about 114m litres a year.

Possibly the most significant new development in the paint market — some would say in the past 20 years — is the new sector defined as off-whites. Dulux believes it influenced this move when early last year it launched its Natural Whites range: Lily White, Apple White and Rose White. These were Dulux's answer to the heavy discounting of the brilliant whites market (accounting for some 60 per cent of the total retail market) which left retailers with slim margins and threatened premium quality brands.

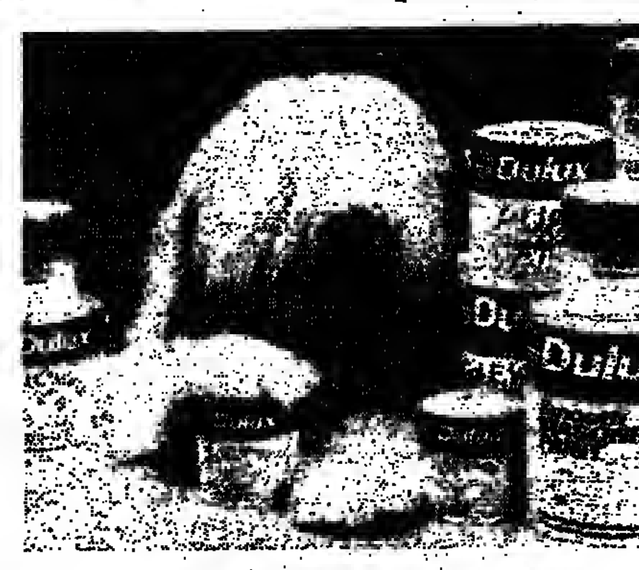
Such price-cutting, if unchecked, says Dulux's marketing manager, Ann Ferguson, was detrimental to the whole industry (consumers, manufacturers and retailers) and stifled product development — upon which the industry thrives.

Research showed too that consumers, although keen to experiment, were shy of colour. The subsequent advertising campaign on Natural Whites was very successful, says Ferguson. "The moment it broke on TV, people started asking for it by name."

It is suggested that the off-white sector could now pick up some 20 per cent of the total UK retail paint market. In January Dulux expanded the range with three more off-whites to be advertised in a £1.8m TV campaign next month. Altogether the company is spending some £6.5m on media advertising this year.

In 1981 Crown acknowledged the trend towards paler shades by separating 20 off-whites from its 980 shade Colour Cue range. At the same time came its inventive Matchpot range of miniature pots of colour paint for 25p, redeemable upon purchase of a 2½-litre can. This scheme has proved highly successful.

Crown and Dulux will continue the policy of steering more consumers gently towards colour—albeit of the pale variety—by advertising their new 1983 ranges shortly: the former its Pretty Pastels, launched in January and the latter its new trio of off-whites.



"Much successful branding has been built on animal appeal . . ."

FINANCIAL TIMES SURVEY
Thursday February 24 1983

U.S. Futures Markets

After a decade of spectacular growth, contracts in the U.S. futures industry now add up to well over a trillion dollars a year. New developments in the areas of stock indices and traded options also show great potential for expansion

All set for another boom year

By JOHN EDWARDS, Commodities Editor

1982 WAS another year of expansion for the U.S. futures industry. In spite of depressed conditions in many of the traditional commodity markets, overall turnover on the futures exchanges rose by 14 per cent to over 112m individual contracts

This compared with 98.5m in 1981 and under 43m only five years ago in 1977. The nominal value of these contracts is somewhat meaningless, but suffice to say that it adds up to well over a trillion dollars annually.

Last year also saw the introduction of more new contracts than ever before in a single 12-month period.

This surge in new contracts was mainly as a result of the breaking up of the log-jam caused by the Commodity Futures Trading Commission (CFTC) in delaying approval of new markets.

Perhaps of more significance than the number of new contracts was the development of two new areas of tremendous potential growth—stock indices futures and traded options.

The Kansas City Board of Trade, best known for its wheat market, surprisingly started the first stock indices (Value Line index) contract. But this was quickly followed by the Chicago Mercantile Exchange's Standard and Poor 500 index in April, which had the most successful launch for any new contract. In the first nina months nearly 3m contracts were traded and, on several occasions, it has been the heaviest traded contract of all markets.

Stock indices futures also rescued the New York Futures Exchange (NYFE) from oblivion. Its New York Stock Exchange (NYSE) composite index received extremely strong support, putting new life back into a market which bad virtually ceased to operate.

Tbus encouraged, NYFE was tbe first to launch a sub-indices contract, covering one particular sector of the stock market with its Financial Index. Although this has not been mnch of a success so far, it does point the way to development a.l expansion of the stock indices futures concept, which is attracting a wbole new sector of the investing public. In the U.S., it is estimated that while there are some 30m shareholders, only about 300,000 people trade in the future markets.

Many brokers believe that the introduction of stock indices futures will further break down the wall between futures and stock trading sections.

Apart from using futures to protect the valne of a shares portfolio, the contract also offers the opportunity to taka either a bullish or bearish view of the stock market putting up only a margin, around 10 per cent.

It thus, in a way, briogs leverage back into the share markets. Stock indices are also seen as a logical extension of futures trading to cover a range of four main investment areas—commodities, fixed interest stock, currencies and equities.

The development of individual sub-indices contracts, also planned by the Chicago Mercantile Exchange, will provide even further scope, although it may be too early days yet.

Meanwhile, however, the next stage in expansion is tbe introduction of traded option contracts for stock indices futures.

Uoder the three-year trial programme, launched by the CFTC, each exchange is allowed one futures option contract each. This is to be extended to allow each exchange a physical options contract as well and the CFTC re-authorisation Bill included legislation to allow options for agricultural commodities to be introduced for the first time since the 1930s.

Opinion on options trading is divided

So far, the introduction of options trading (in October) has received a lukewarm reception. Treasury Bood options on the Chicago Board of Trade and gold options on the New York Commodity Exchange (Comex) bave been moderately successful, but the New York sugar exchange's options contract has been a disaster in failing to attract support because of the depressed conditions of the world sugar market. Opinion about options trading is divided.

Some companies aod exchanges, expect options to expand considerably in the years ahead and attract increasing support as a "safa" way of participating in the futures markets.

Others are distinctly enthusiastic. They feel that the strict controls imposed by the CFTC in its trial nrogramme are a considerable hindrance in selling options to the public, or trading them on exchanges.

It Is recognised that the CFTC, which was forced to ban options some years ago after a series of scandals over the so-called London options, bad to adopt an ultra - cautious approach. But the restrictions imposed have reduced the popularity of options with many traders and brokers.

Tbere is general satisfaction with the result of the long struggle through Congress to re-authorise the existence of the Commodity Futures Trading Commission. The industry successfully fought off the attempt to finance the Commission with a users' fee, and compromised with the CFTC charging service fees instead. The formation of the self-regulatory body, the National Futures Association, is welcomed as a step in the right direction.

It is recognised that, with a much wider public *participation* in the futures markets, the industry these days has to be seen making efforts to provide protection to the innocent participant in what is a bigh risk investment area.

Under Mr Philip Johnson's chairmanship, the CFTC gained a great deal more credibility with the industry. Mr Johnson's surprise resignation announced last month came as quite a shock, but the Commission is now authorised to continue in its present form for another four years unless the special task force investigating federal regulatory agencies recommends a major cbange of approach.

The fact is that the face of the U.S. futures industry has cbange radically in recent years. All the growth, especially last year, has come in the financlal futures contracts, which now account for over 50 per cent of total turnover.

A revival in traditional commodity futures markets is quite likely wben the present period of depressed conditions ends, and there is considerable potential for expansion in the energy sector. However, the main potential area for growth is in financially-related contracts—interest rates and currencies—as well as stock indices.

The developmeot of financial futures has broought a whole new sector of powerful interests, who previously did their best to ignore or downgrade futures trading as something with whicb they did. oot want to be associated in any way.

Now the whole scenario has changed. A series of mergers bas blurred the old distinctions between commodity trading companies and financial institutions.

A new aura of respectability

Ooe of the most respected names, J. P. Morgan, has taken a great deal of time and trouble to launch a subsidiary company, Morgan Futures, to trade on the financial futures contracts, including precious metals. Other major banking names are following the same path, bringing a new aura of respectability to the markets.

Morgan's rationale for joining is quite simply that tha futures contracts bave become larger than the casb markets, so they have to be involved.

There is a similar trend in foreign currencies with more and more banks using the futures markets, as well as small and medium-sized companies which find difficulty in gaining favourable terms on the interbank market.

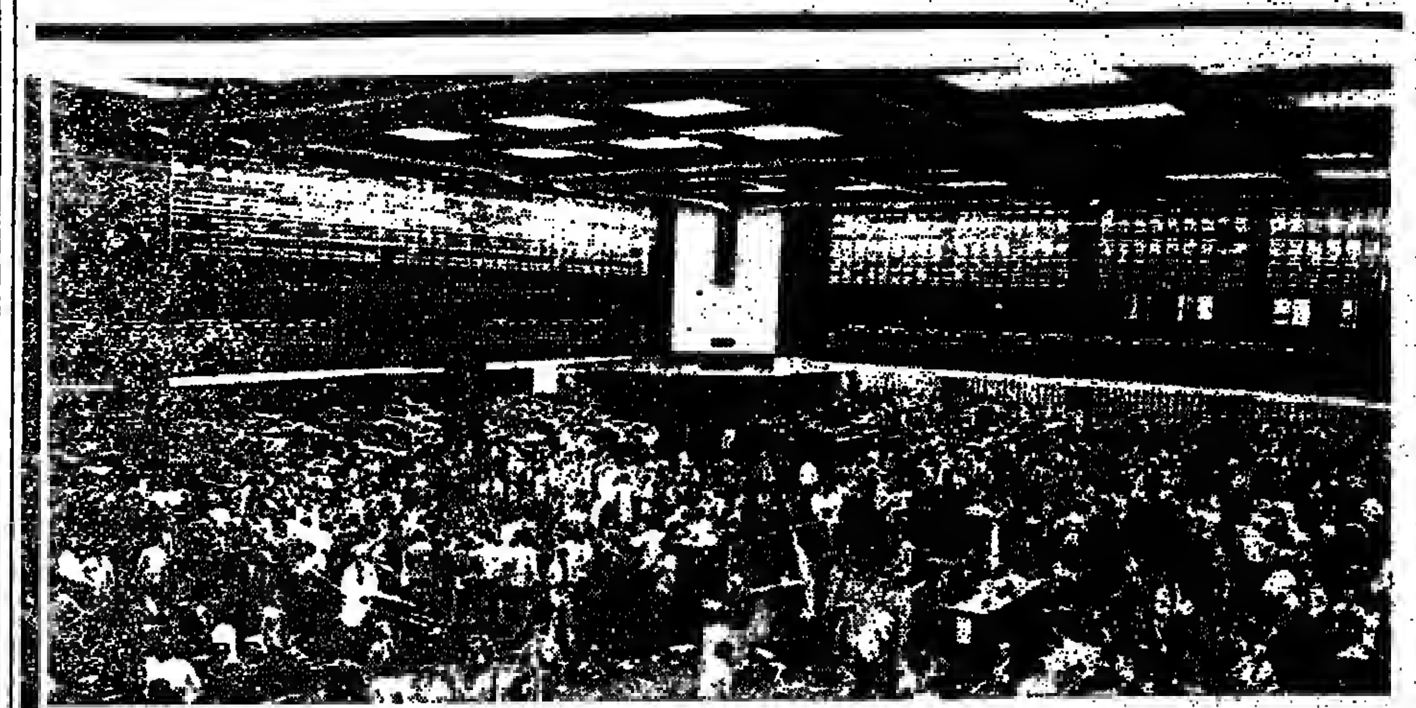
The man-on-the-street, or small investor, has also been encouraged to participate by the growth of funds (the futures equivalent of unit trusts), pooling together resources into a powerful force able to win the advantages of a big trader.

One single fund, recently launched by E. F. Hutton, the commission house, attracted some $50m alone. It is estimated that publicly known funds offered by commission houses have some $500m at

CONTINUED ON NEXT PAGE

ON OTHER PAGES

U.S. FUTURES MARKETS II



Traders throng the floor of the Chicago Mercantile Exchange. The volume of contracts rose last year from 24.5m to 33.6m

Turnover at the giant Chicago Board of Trade declined last year for the first time since 1968, but volume on the rival Chicago Mercantile Exchange leapt by 37 per cent, as John Edwards reports

New challenge for the world's biggest futures exchange

THE CHICAGO Mercantile Exchange moved a significant step nearer last year in challenging the pre-eminence of the world's biggest futures exchange, the Chicago Board of Trade. Turnover on the Mercantile jumped by 37 per cent, from 24.5m to 33.6m contracts, helped by the outstanding success of the Standard and Poor's 500 Index market launched in April.

By contrast, volume on the Board of Trade dropped for the first time since 1968 to 48.2m contracts, against 49.1m in 1981.

The decline came in spite of another rise in volume on the Treasury Bonds contract from 13.9m to 16.7m making it by far the biggest single market.

The second biggest individual market was gold futures on the New York Commodity Exchange (Comex), with turnover soaring from 13.2m to 17.5m lots.

With silver springing to life again, too (up from 1.2m to 2.9m) and copper moving ahead strongly (from 1.6m to 2.4m), Comex had its best-ever year with a total of 17.5m against 13.3m previously.

The New York Mercantile Exchange also had a record year, rising from 1.7m to 2.5m as a result of increased support for its heating oil, platinum and palladium contracts, as well as the introduction of gasoline futures.

The launch of stock indices contracts boosted turnover on the New York Futures Exchange from a mere 209,585 lots in 1981 to 1.5m last year and also on the Kansas City Board of Trade, 1.2m to 1.5m. However, volume fell back on the New York Coffee, Sugar and Cocoa Exchange and the Cotton Exchange.

Marginal decline on other exchanges

Turnover also fell marginally on the Mid America Exchange in Chicago, and Minneapolis Grain Exchange. The future of the New Orleans Commodity Exchange looks in doubt, as a result of turnover for 1982 dropping to a lowly 27,872 lots.

It may be saved by the revival seen this year in the grain markets, which was the primary reason for the Chicago Board of Trade losing ground, accounting for only 43 per cent of total turnover against 50 per cent in 1981.

Although local traders claim the Chicago Board of Trade is "still the biggest, and best, in the world," the exchange has been wracked by internal political infighting between the traditional grain traders and the new, younger, element in financial futures. This has resulted in it being slow to respond to the aggressive rivalry of the Chicago Mercantile Exchange, whose excellent marketing tactics have given it a commanding reputation in financial contracts particularly.

Typically, the Board of Trade missed its chance to share in the spectacular launch of the stock indices contracts by becoming involved in a bitter, legal, dispute with Dow Jones.

Officials at the board now admit they adopted a rather high-handed approach initially and the dispute over whether the proposal Board Stock Market Index contract violates Dow Jones' proprietary rights may take a long time to settle.

Conditions in the grain market

Delays over the introduction of options, and the planned link with Kansas Board of Trade, have not helped either. Nor has the very limited effort made to publicise the Board of Trade overseas.

However, the main reason for last year's drop in turnover was the depressed conditions in the grain markets, which may well be reversed this year.

The opening of a $110m extension means that the Board is by no means standing still. Last year it moved into the energy sector with a gasoline contract and it is planning a crude oil market next.

The introduction of a two-year Treasury note in February marks a new attempt to move into the short-term interest market, so far dominated by the Mercantile. The launch of a 1,000 ounces contract also put new life into the Board's silver market.

In addition, the Board of Trade last year moved quickly into options, with the T-Bonds options market that got off to a promising start, and it is hoped that new legislation included in the Bill reauthorising the Commodity Futures Trading Commission will enable options of a domestic agricultural commodities to be permitted for the first time since the 1930s.

Despite having the biggest financial futures market (20-year Treasury Bonds), the grain complex remains a major strength of the Board of Trade.

If the grain markets revive, so will the fortunes of the Board of Trade.

Meanwhile, the Chicago Mercantile Exchange continues to forge ahead. It will be moving to new, much larger, premises shortly—essential if expansion is to continue since every available space on the existing exchange has been utilised.

The success of the stock indices futures contract may well mark the start of a new expansion era. Already in January options trading, on the Standard and Poor's index, was introduced for the first time in the exchange's 63-year history.

The next stage will probably be sub-indices markets for specific sectors of the stock market. In the meantime, turnover on the foreign currency contracts rose significantly last year, so did support for 90-day Treasury Bills domestic CDs, although the Eurodollar (three-month) was somewhat disappointing. It is hoped that a link with the planned new Singapore Exchange might help boost trading on the Mercantile's gold contract, which lost further ground to New York last year.

Unlike the grain markets, there was a revival of activity in the Mercantile's traditional agricultural contracts — live cattle, live hogs and cattle. But the main expansion, once the Exchange moves into larger premises, is most likely to be in financial futures (the International Monetary Market) or the newly-formed Index and Options (IOM) division.

The Exchange is looking at going into energy futures, but it is expected to concentrate its renowned marketing expertise in broadening participation by financial institutions and private corporate sector in financial futures, currencies and stock indices contracts.

New York comes back to life

WHILE Chicago has effectively won the battle with New York over financial futures, it is not having everything its own way with stock indices. The New York Futures Exchange (NYFE) has come back to life with the launch of the contract based on a New York Stock Exchange (its parent company) composite index.

NYFE was the first to launch a sub-indices contract, for Financial stocks and is planning to move into others (energy and utilities when the time is ripe) as well as options.

NYFE, under a lively new president Lewis J. Horowitz, is confident that it can expand rapidly now that a firm base has been established after the initial failure to attract support. It claims to have a special advantage in stock indices and options as a subsidiary of the New York Stock Exchange, which will tell in the years ahead.

New York has also established a dominant role in the metals and energy sectors. The New York Commodity Exchange (Comex) had its biggest ever year in 1982, with big increases in turnover for all its three contracts—gold, copper and silver.

Gold trading activity surged ahead to over 12m lots—the second biggest single futures contract in the world—and silver turnover more than doubled. There was also a hefty rise in copper turnover.

Comex has decided to turn its back on financial futures markets (for the time being at least after the failure of the contracts launched in 1981). Instead, the exchange plans to concentrate on the development of the gold options contract, introduced last October, with a fair measure of success.

It is felt that the growth potential for options trading is considerable once they are properly promoted and more understanding of their advantages is developed.

Comex is looking at the possibility of introducing options for physical silver as part of the CFTC programme to permit each exchange to have one option for a physical commodity as well as a futures contract.

The main problem for Comex is that of space for any further expansion. It is growing out of the space available in the present World Trade Centre complex that houses all the New York futures exchanges, with the exception of NYFE.

Earlier hopes of a merger, or at least greater sharing of membership and back-up facilities, between the four exchanges have turned sour over the year. So, if the expansion continues, one of the exchanges may well be forced to move to bigger premises.

The New York Mercantile Exchange, previously the poor relation of the four, had another record year—the third in succession—during 1982. Its platinum and palladium contracts sprang back to life, and support increased both for the New York based heating oil and gasoline contracts.

Hopes for further expansion

Nymex faces new competition from the Chicago Board of Trade in the energy markets and plans to launch a crude oil contract to counter the one planned by Chicago. It is confident that it can use its established links with the oil industry to stay ahead and expand still further.

The two other New York exchanges—Cotton and Coffee, Sugar and Cocoa—had a rough time in 1982 because of the depressed contracts both fell back, but there was increased support for the exchange's propane gas market that is expected to continue expanding.

Support for the sugar contract was surprisingly good, considering the depression in the market and the imposition of import quotas by the U.S. government that stabilised prices.

Turnover in coffee and cocoa was higher; cocoa, in particular, is already attracting a great deal more support this year with the recent surge in prices.

The depressed condition resulted in disappointing, not to say disastrous, start for the exchange's options contract.

But past experience has shown that changes in the sugar market can occur very rapidly and support for options is expected to grow as they become better known and some of the restrictions imposed by the CFTC are relaxed. An options contract for physical cocoa is one possibility being investigated, and the exchange will definitely make up its mind one way or another this year whether to launch an ocean freight rate contract talked about for years.

It is also considering moving into other totally new areas—a completely different index type contracts and, possibly, diamond futures.

Another boom year ahead

CONTINUED FROM PREVIOUS PAGE

their disposal, while there are a host of privately formed funds in addition.

Bearing in mind that average margins for these funds are normally well below 10 per cent, their spending power in the markets amounts to many billions of dollars and they are becoming an increasingly important influence.

Although funds can lose money just like anything else, they do provide a much safer vehicle for both private and financial institutions to participate in futures trading with a known risk and the good chance of a high return on capital.

The exchanges themselves have expanded considerably to cater for the substantial growth in interest. The Chicago Board of Trade, for example, has spent over $110m in adding a big extension of the trading floors; the fast-growing Chicago Mercantile Exchange is planning to move into much bigger premises soon with its old building probably being taken over by the little known Mid-America Exchange, which offers smaller size contracts and acts as a sort of secondary, training, market for the big two exchanges.

A somewhat patronising view is taken in Chicago of the London International Financial Futures (Liffe) exchange.

U.S. exchanges are very conscious of the need to expand internationally, as well as domestically, especially in financial futures. They see Liffe as a good medium for introducing and encouraging, potential users in the European time zone who will then be tempted into the "big league" in Chicago.

Links with new markets in Singapore and Hong Kong are also being investigated as a means of increasing the international participation in the U.S. contracts.

The American exchanges have expanded their membership, as well premised, to try and cope more effectively with the surge in interest and activity. If anything, the trading "pits" are more frenetic than ever, with a growing number of younger people. But beneath the bedlam, the exchanges continue to grow in stature. This year, which was seen as a year of consolidation at the exchanges, has started on a record-breaking note, with signs of a revival in the traditional commodity markets as well as financial futures.

In the present climate of monetary uncertainty, the stage seems set for another boom year even after the spectacular growth of the past decade.

U.S. FUTURES MARKETS III

John Edwards highlights some of the radical changes in the futures industry

Many new 'players' are entering the market in a big way

THE U.S. futures industry has been changing radically during the past 10 years of explosive growth. The development of financial futures, and now stock indices and options, hava attracted a whole new army of "players," bringing the traditional commodity markets much closer into line with the money markets and tha stock exchanges.

Some prominent mergers between well-known companies reflect the closer links — Salamon and Phillips Brothers; American Express and Shearson Hadden Stona; Sears and Dean Witter Reynolds.

At the same time, many companies which would previously never have dreamt of trading in futures are now entering the market in a big way.

J. P. Morgan, one of the most respected banking names, went through a great deal of time and effort to create a new company, Morgan Futures, authorised to act as a broker in the financial futures and precious metals markets. The company decided it had to become directly involved since financial futures were becoming larger in volume than the cash markets.

Other leading banks are following tha samo route, both in interest rate futures and in the growing foreign currency futures markets.

The development of the stock indices and traded options are also expected to bring into futures a massive new following from the stock exchange, as well as many people associated with share dealings, who have previously looked on commodity futures with alarm or disdain.

Stock indices not only provide a way of protecting the vaine of share portfolios, they also enable investors to trade on leverage (with only the margin to put up) and to sell just as easily as buying. So, a portfolin can be maintained, even if a bearish view is taken nf the market.

One example of using stock indices futures, being investigated by the New York arm of London brokers, Rndolf Wolff, is to protect the value of estates during the often lengthy period after somebody dies, leaving a complicated will to be sorted nut.

Tha potential nses of stock indices futures are obviously considerable appealing to shareholders normally used to dealing only on stock exchanges.

Options, too, are attracting a great deal of attention from stock exchange traders, who have far greater experience in options dealing than futures traders.

While commodity options were being banned by the Commodity Futures Trading Commission, share options were being expanded apace.

Now that the CFTC trial programma ensures proper cootrol and regulation of futures nptions, they can be expected to receive support from option traders in the stock markets lookiog for new vehicles to use.

While the financial and equity sectors are moving intn fntures, the establisbed futures trading houses are increasingly widening their scope away from the conventional commodity markets.

Although there are bopes of revived activity in some agricultural and commodity markets this year, it is commonly expected that the biggest growth will be in stock indices, financial and precious metal markets. Thus, traditional commodity trading bouses are expanding rapidly into offering clients a service covering the whole futures trading sector, with emphasis on financial markets.

Tbe "locals" still dominate the trading pits, but in many cases they are a new breed of individuals much more familiar with developments in the money markets than in porkbellies.

At the same time, the buge so-called commodity funds, organised by the wire houses or specialist fund or trading system managers, nowadays devote a large proportion of their dealings in financials as well as commodity futures.

Funds have become an increasingly popular way in which the small speculator and the non-involved institution or company can participate in futures at greatly reduced risk. A recent fund, launched by E. F. Hutton, offering special tax advantaged in that profits can be cashed in at any time, attracted nearly $50m with an average purcbase of only $8,000 —in other words over 6,000 small investors. Other wire bouses have a range of similar, if not quite so big funds. Altogether, it is estimated that publicily-known funds have resources of around $500m and there are a great many more privately-run funds, often relying solely on computer systems.

Bearing in mind that average margins put up by the funds in the U.S. are well below 10 per cent (and as low as 2 per cent in some markets) it can be seen that the funds bave the capacity to control billions of dollars investment in futures.

They, therefore, on occasions can, and do, move markets, althougb the sheer scopa of the U.S. futures industry means that it is now able to absorb into the system unbelievably large sums of money.

FUTURES CONTRACTS TRADED BY COMMODITY GROUPS, 1982

Rank	Commodity group	Contracts	Per cent
(1)	Agricultural commodities	46,310,209	41.21
	of which:		
	Soybean complex	15,528,665	13.82
	Grain	14,263,908	12.69
	Livestock, products and poultry ...	11,702,487	10.41
	Imported agricultural commodities...	3,276,512	2.92
	Other agricultural commodities	1,538,637	1.37
(2)	Financial instruments	28,825,112	25.64
(3)	Precious metals	18,809,458	16.73
(4)	Foreign currency	8,690,285	7.73
(5)	Stock indexes	4,911,121	4.37
(6)	Non-precious metals	2,362,625	2.10
(7)	Petroleum products	1,875,414	1.67
(8)	Lumber prodncts	616,655	.55
	Total	112,400,879	100.00

Source: Futures Industry Association, Washington.

Commission increases surveillance on trading

IT HAS been three years since silver buying by the billionaire Hunt brothers sent prices plummeting on the U.S. futures markets.

To prevent other debacles of that kind, the Commodity Futures Trading Commission (CFTC) has increased its surveillance of futures trading, while at the same tima it has resisted pressures to usurp traditional exchange responsibilities, such as margin setting.

For several years the CFTC has required large traders, both commercial and speculators, to report their sales and purchases if the number of contracts reaches a specified level. After the Hunt brothers brought turmoil to the markets, the Commission approved rules to require that each exchange impose limits on the size of a speculator's holdings in all actively traded commodities.

The Commission sets minimum standards for the speculation limits, but they are designed to be flexible enough to permit variations on a contract by contract basis.

To limit a speculator's holdings, the CFTC also adopted a set of regulations, requiring brokers to maintain minimum amounts of net capital to back its trades. Gning further, it adopted a rule discouraging speculators from using their commodity holdings as collateral for more trades.

To determine wbether threats of market manipulation exist, the Commission imposed a new rule for both foreign and domestic traders.

The CFTC, seeking information about a trader's holdings, may issue a special call for data about the buyers. If, as was the case in the Hunt crisis, the call is ignored, the Commission may direct all appropriate contract markets to prohibit any further trades on behalf of offending broker or trader, except for liquidation of his boldings.

The Commission has also moved to "professionalise" commodity trading by requiring examinations for futures sales personnel and registration of poor operators and trading advisers.

It is also developing "aggregation policy" tn prevent speculators from giving large chunks of their holdings to family members and associates to avold disclosure requirements.

The CFTC has considerably tightened its watch over exchange rule enforcement. Each exchange must have its own market surveillance programme to look for and prevent market manipulation.

Can another fiasco like the Hunt stiver speculation ever happen again? No-one at tha CFTC will say that speculators have given up trying tn corner, squeeze or ntherwise manipulate the market-place.

Commision regulators have, in fact, more than once met exchange officials in the past three years to examine suspicious movements in the markets. Thus far, potential crises have been avoided through quiet co-operation between the two along with the newly-tigbtened regulations.

Nancy Dunne

Controversial role of the Commodity Futures Trading Commission

Struggle to maintain a balance between excessive control and careful supervision

THE COMMODITY Futures Trading Commission (CFTC), which regulates the industry, finally got its act togethar when, in January, President Reagan signed the Bill authorising tha agency's existence for another four years.

But just when It looked as if the Commission would have a quiet period, after the long battle in Congress last year, its chairman, Mr Philip Johnson, suddenly announced his resignation.

The Commission, long under fire from the industry and the Press, was established by Congress in 1974 with the provision that it had to be reauthorised every four years.

Its reauthorisation process in 1978 was a stormy one, and the agency, with its work hampered by feuding commissioners, barely got a four-year extension.

By the time the Reagan Administration took office, the CFTC's 1982 reauthorisation was far from certain. The commission's handling of the Hunt Silver Debacle drew Congressional fire, and many law-makers seemed convinced that the Securities and Exchange Commission (SEC) nr an agency merged with it could better police the high-rolling industry.

On the move

However, Mr Philip Johnson, n much-respected Chicago commodities lawyer eppointed to the chairmanship by President Reagan, and three commissioners who followed his lead, got the agency moving.

Mr Johnson negotiated an agreement with the SEC settling many of the jurisdictinnal questions about the regulation of financial futures which had stalled development of new productions like stock index fotures.

The Commission introduced a Cnngressionally-mandated test futures options programme and approved establishment of the National Futures Association (NFA), an industry nrganisation which will help the CFTC dn its regulating.

More than 40 new contracts, many of which had been held up for years, won commission approval.

The CFTC accomplished so much in such a short time that authorisation was in doubt only when Congress atached an Administration-opposed measure hampering the President's ability to impose agricultural embargoes. However, Mr Reagan announced his signing of the legislation with much fanfare at n wheatgrowers meeting on January 11.

A week later, Mr Johnson announced his departure by May, leaving two vacancies on the five-slot commission.

While a new chairman is yet to be named, the CFTC's agenda for 1984 has been largely established by the reauthorisation legislatinn.

The de-centralisatinn process already begun will continue. The NFA, which has already taken on the task nf auditing non-exchange members, will also begin registering commodity professinnals. The CFTC is expected tn mandate proficiency examinations to be administered by the NFA so that market professionals can take nne standardinsed test instead of exams not given at each of the exchanges.

Essentially, the NFA will monitor non-exchange members, leaving each exchange to monitnr its own and the CFTC to oversee both. It will also institute an arbitration procedure, which it is hoped, will cut into the overburdened CFTC's reparations programme.

The test futures options programme instituted last year, which now limits each exchange to nne nptinn contract, is to be expanded. A pilot programme for exchange trading on physical commodities will be designed this year, and Congress has authorised the commission to establish a three-year test programme for agriculture options, banned since 1936.

The CFTC has beeo ordered to streamline its rule approval, registration and reparations procedures. In the past, it was called on to settle such vital controversies as dress codes for floor traders. Rule approval will be re-designed with the commissinn consulted on only the most significant changes.

It is about to examine two uncharted regions. Congress bas directed the agency tn issue rules permitting grantors and futures commission merchants to offer "dealer nptions" on certain physical commodities.

Definition

At present, only dealers who sold these before May 1, 1978, could offer them. The Commission is expected to open up dealer nptions and vote new rules for them in the latter part of 1982.

The Commission will also begin regulation of leverage transactions, a small industry whose function seems to defy definition. Congress, in its reauthorisation legislation could find no better way to define the deferred long-term purchase plans (usually on metals) as "any contract that is commonly known in the industry as a leverage contract."

Tn prevent market manipulations, tha CFTC is working on an "aggregation policy" which will require that holdings of family members be reported together. The Commission will also receive some state assistance in pursuing commodity scams operaung on the fringe of the industry. While the CFTC will continue to supervise almost all exchange operations, states are now authorised to prosecute nff-exchange fraud, formerly exclusively the commissions' problem.

A large chuok of the CFTC's time will be taken up with four atudies ordered by Congress:

- A three-year examination of the effectiveness of BRJHU.
- An analysis of the tradiog activities of hedgers in the cattle, hog and pork belly markets to determine the adequacy of commissioo powers to prevent unwarranted price pressures.
- A report on the nature, extent and effects of "insider trading" to determine if unwarranted profits are being made from inside infnrmation.
- A study, due in September, 1984, with the Federal Reserve Board and the Treasury to determine the effect of futures trading on capital formation, the economic purpose of futures, implications of manipulation resulting from futures and options trading and the adequacy of customer protections.

The findings of these stndies could conceivably be moot by the time they are issued. Talk of merger between various agencies bas produced a new task force, beaded by Vice President George Busb, which in six to nine months is supposed to present recommendations about the merger of some or all of seven agencies, including the CFTC and the SEC.

While the CFTC emerged from reauthorisation with new respect, it is not elear whether or not it is strong enough to survive the trend towards merger. With little apparent separating stock options from options on stock index futures, the futures industry may be hard-pressed to save its regulator.

Structure

"Merging the two agencies will not necessarily result in economies of scale," says Miss Susan M. Phillips, now the Seoior CFTC Commissioner.

"I have real problems with the argument that commodities and securities are similar," she adds.

The SEC's regulation structure is built around disclosure, she says, while the CFTC places a heavier emphasis on surveillance of contract performance aod trading.

Much will depend on whether the commission cao maintain a balance between excessive regulation and careful supervision. Another major commodities scandal could bring to an end its existence as an independent entity.

Nancy Dunne

Whatever will they think up next?

Perhaps a future option on a stock-index future, asks William Hall

THE Chicago Mercantile Exchange calls it "the ultimate investment option."

Others are less complimentary and wonder what the boys from Kansas City, Chicago and New York will think up next, now that they have launched their options on stock-index futures. Perhaps a future option on a stock-index future?

The speed with which the various permutations of hybrid financial instruments have been introduced onto the U.S. option and commodity markets has left many investors bewildered.

In particular, the state of knowledge of how the markets in the new options on stock exchange futures will work, and their ultimate potential, is very limited.

The Chicago Mercantile Exchange's new Index and Options Market is in no doubt. It describes the new instrument as the "most comprehensive risk management tool ever developed." With that sort of commendation it would be most embarrassing if the new instrument flopped.

Several U.S. commodity exchanges have introduced stock-index futures over the past year and several have introduced stock - index options. Investors are using both instruments for the same end — to adjust their exposure to the overall equity market.

However, there is a subtle difference between a stock index option and a stock index future. A stock index future allows an investor to buy or sell the stock market to take advantage of broad moves or to seek protection from these moves.

By buying a stock index future, or going long as they say in the trade, an investor can profit from a rally in the stock market, whilst short selling allows an investor to make a profit in a declining market.

Trading in a stock-index option, by contrast, provides an investor with the same opportunity to participate in an overall movement in the stock market, but within certain predetermined levels of risk.

The advantage of the new option on a stock-index future is that it permits investors to take advantage of both the leverage of futures contracts and the limited risk of options.

A few examples will give a feel of the way the new hybrid option/future stock index contract works. If an investor believes that the stock market is going to move higher, he will buy a call option in anticipation of the rally.

The key to options trading is the premium (price of an option) which reflects the view of investors about the maximum risk an option buyer assumes when entering the market.

An investor buying an option can lose the entire premium, but no more than that. For example, if you buy a call or a put on the stock index future for a $1,000 premium and the market moves the wrong way, the option will fall in value until you offset the position. But the most that can be lost — even if you stay in the market until the option expires — would be the original premium of $1,000.

Assuming the stock market is going to fall an investor might decide to buy a "put" which gives the right to sell an index future contract at a predetermined price.

Expecting a fall, you might buy a "put" at 110 when the futures index is at 112 and pay a two point premium, or $1,000. If the index slips to 108, the put premium would rise and an investor could make a profit by selling the option at a higher price.

Although it is very early days yet, it is clear that the introduction of the options on stock exchange index futures is going to spawn a whole host of sophisticated techniques and strategies.

There is a growing belief that these new instruments are going to usher in an entirely new approach to institutional equity investing.

Options trading involves new procedures, language and techniques, as Nancy Dunne reports

Commodity options seem to be gaining ground

TWO NEW trading instruments, long awaited by U.S. futures traders, seem well on their way to fulfilling the hopes of the industry. In fact, the acceptance of stock index futures and exchange-traded options is symptomatic of the movement away from trading in agriculture futures and into financials.

At the Kansas City Board of Trade, where the hard red winter wheat contract sets the price of most American wheat, traders are now moving back and forth between the pits, trading wheat and value line stock index futures. The exchange was the first to launch a stock index contract, and while its volume lags behind its two competitors, the value line contract has been a profitable one.

Like other U.S. agricultural contracts, Kansas City wheat was hard hit by the mounting grain surpluses which turned trading sluggish. But with business brisk in value line future, the exchange ended last year with total volume up 21 per cent.

After nine months of trading, volume in the new contract topped 500,000, not far behind the 965,000 wheat trades completed in Kansas City for the year.

The leader in the stock index competition is the Chicago Mercantile Exchange's Standard and Poor 500 contract, which last year completed almost 3m trades in just eight months of trading.

The leader in the stock index competition is the Chicago Mercantile Exchange's Standard and Poor 500 contract, which last year completed almost 3m trades in just eight months of trading

An exchange promotion, which appealed to its floor traders to spend "15 minutes please" at the contract's pit, brought in investors seeking to hedge the stock market in what was apparently the most liquid futures contract.

The contract picked up steam, along with the other stock index futures, when the summer stock market rally began, and investors moved in to hedge the direction of cash stock purchases.

CME officials, exuberant about the contract's success, are planning to initiate trading on Standard and Poor sub-indexes: the Utility, Transportation and Financial sub-index, now published by S and P and a high technology, energy and consumer staple sub-index being created. With these, the exchange hopes to bring in investors wanting to hedge in specialised groups of stocks.

Stock index futures which proved beneficial in Kansas City and Chicago have been a life-saver to the New York Futures Exchange (NYFE). But for a few trades in Treasury-bonds and domestic certificates of deposits, NYFE was barely in business when it began trading its New York Stock Exchange composite index future.

With support from its parent New York Stock Exchaoge, the contract last year turned over 1.5m trades.

While it lacks the liquidity of the S and P contract, it attracts many new commodity investors because of its low volatility and smaller cash risk.

The NYFE contract offers a margin of $1,500 compared with $2,500 on the S and P and $3,250 on the value line.

NYFE has introduced a new contract based on the NYSE Financial Sub-Index. However, it is growing slowly: volume was only about 7,500 in December.

Commodity options, while they seem to be gaining ground, have found a slower acceptance than the new stock index contracts, but options trading involves new procedures, language and techniques.

Three options contracts were introduced in October under a trial programme instituted by the Commodity Futures Trading Commission. In a closely regulated environment, they have attracted many customers willing to take limited risks.

Many complaints over premiums

In commodity options trading, a purchaser of a "put" option has the right to sell a futures contract at a stated price at any time prior to a fixed expiration date. A puchaser of a "call" option has the right to buy a future at a pre-established price before a fixed expiration date.

Buyers can lose no more than the specified cost of the premium and transaction fee. However, there have been many complaints that the premiums are too expensive.

Under the rules established by the CFTGC, each exchange can introduce only one options contract for which there must be an underlying future.

Of the three options contracts introduced last year, the Chicago Board of Trade had the biggest hit with its Treasury Bond options. If anything could be a sure bet in commodities trading, the T-bond option was one. Based on the highest volume future on a U.S. exchange almost 119,000 T-bond options were sold between October and December. Recent daily volume has hovered around 2,000.

Comex, the exchange with the second most successful commodity option, is trading about 1,500 gold options each day.

Sugar options on the coffee, sugar and cocoa exchange have lagged far behind with the underlying contract suffering from the lull in sugar trading caused by U.S. sugar qootas.

Both the CME and NYFE introduced options on their stock index contracts on January 28 and both found immediate support. Initially, the NYFE options achieved higher volumes, with trades runnnig over 1,500 a day compared with around 1,000 for the CME options.

The lead reportedly results from the New York traders' greater familiarity with options. Chicago traders were expected to pick up business as time progresses.

The most unpredictable option is Kansas City's Value Line option contract. It will be introduced on March 4 and traded on the floor of the Chicago Board of Trade, near its busy T-bond pit. The two exchanges will be linked electronically with prices going over a ticker.

Advantages for Kansas City

To trade Kansas City options, CBT traders must purchase a new Class C membership, costing $500. Kansas City is hoping to attract traders from the Chicago Board Options Exchange where options on securities are traded.

The arrangement is expected to provide other advantages. Kansas City will benefit from the greater activity on the Chicago floor which it hopes will spread to the futures contract, and the CBT which thus far has been unable to obtain a stock index contract, will win a piece of the index trading business.

However, many SBT traders are sceptical about the experiment, feeling that the S and P contract is way ahead in the field. Chicago board officials are hoping for an initial 1,000-2,000 trades per day.

If the link-up succeeds, reciprocal trading between the exchanges may become the next innovation in U.S. futures. Before that time, the CFTC hopes to add options trading on physicals and agricultural contracts to the three-year trial programme.

COMMODITY FUTURES CONTRACTS TRADED-1982

CHICAGO BOARD OF TRADE	Contract unit	1982
Wheat	5,000 bu	4,031,584
Corn	5,000 bu	7,948,257
Oats	5,000 bu	424,595
Soybeans	5,000 bu	9,165,520
Soybean Oil	60,000 lb	3,049,313
Soybean Meal	100 tons	2,784,423
Iced Broilers	30,000 lb	—
Silver	5,000 oz	77,682
Silver	1,000 oz	775,136
Gold	3 kg	—
Gold	100 oz	19,515
Plywood	76,032 sq ft	100,001
Western Plywood	76,032 sq ft	—
GNMA Mortgages, CD	5100,000	—
GNMA Mortgages, CDR	$100,000	2,055,648
Com. Paper (90-day)	$1,000,000	—
Com. Paper (30-day)	$3,000,000	—
T-Notes (4-6 year)	$100,000	—
T-Notes (6½-10 year)	8100,000	881,325
T-Bonds	$100,000	16,739,695
Domestic CD (90-day)	$1,000,000	145,360
Unleaded Reg. Gasoline	1,000 brl	8,736
Total		48,206,790
CHICAGO MERCANTILE EXCHANGE		
Fresh Eggs	22,500 dz	18
Potatoes	80,000 lb	9
Live Hogs	30,000 lb	3,560,974
Pork Bellies, Frozen	38,000 lb	2,811,674
Live Cattle	40,000 lb	4,440,992
Feeder Cattle	42,000 lb	603,769
Broilers	30,000 lb	2,118
Lumber	130,000 bd ft	516,619
Stud Lumber	100,000 bd ft	—
Plywood	152,064 sq ft	35
British Pound	25,000	1,321,701
Canadian Dollar	100,000	1,078,467
Dentsche Mark	125,000	1,792,901
Japanese Yen	12,500,000	1,762,246
Mexican Peso	1,000,000	65,036
Swiss Franc	125,000	2,653,332
Dutch Guilder	125,000	128
U.S. Silver Coins	$5,000	1
French Franc	250,000	16,474
Gold	100 oz	1,533,468
T-Bills (90-day)	$1,000,000	6,598,848
T-Bills (1-year)	$250,000	—
T-Notes (4-6 year)	$250,000	—
Domestic CD (90-day)	$1,000,000	1,556,327
Eurodollar	$1,000,000	323,619
S & P 500 Index	$500 x Index	2,935,532
Total		33,574,286

Source: Futures Industry Association, Washington.

THE ARTS

Television/Richard Burton

Port Talbot's Coriolanus

Once upon a time there was Olivier, Gielgud, Richardson. And once upon a more recent time there was Burton, O'Toole, Finney. Like my critical colleague, James Fenton, I never saw Burton on stage. But Fenton's modestly pitched, incisive and generously informative profile of the actor on BBC 1 last night, *Burton: A Portrait of a Superstar*, left you in no doubt that a rich talent has failed to fulfil itself.

In the engaging interview sequences, Burton appeared like a rugged face on Mount Rushmore seen through a mist of cigarette smoke. He lilted and quipped through confessions of alcoholic excess and participation in terrible films. The brave new world of classical acting after the war was sabotaged by tax exile in Switzerland and a jovial commitment to utter rubbish in Hollywood "in order to have somewhere to go in the mornings." He could drink anyone under the table—no mention, miraculously, of Dylan Thomas—but awoke with his first hangover at the age of 48 or 49. Fenton's lisping voice-over suggested, interestingly, that the ambition of a great classical actor was exhausted the moment he realised how easy the whole business was.

Now 57, Burton took us through childhood memories as the 12th of 13 children of a South Wales miner; his ambition to study at Oxford; the crucial influence of his adopted father (his mother died when he was two) who subjected him to ferocious elocution classes in a terraced house in Port Talbot; his obsession with Elizabeth Taylor whom he remarried one year after the 1974 divorce only to abandon once more three weeks later.

The programme's use of location shots and film clips was admirable, floundering only in a rather glutinous tourist board summary of Oxford's "mystic" appeal to the subject. Burton had started by claiming he should never have been an actor. A neutered don with a taste for exact scholarship would have been just the ticket. Even he, though, saw the absurdity of this posturing. Wine, women and song were the overriding interests. A poem by George Herbert changed his life, and the discovery of each new poem was akin to exploring each new woman.

Anthony Quayle, who cast him as Prince Hal in the 1951 Stratford-upon-Avon season, and Robert Hardy who played Laertes to his 1953 Old Vic Hamlet, both made fine appreciative contributions. Quayle talked of his inner awareness of destiny, his stillness on stage, his masculine beauty, his instinctive gift for speaking verse. Hardy suggested he was more original and more magnificent than Olivier. Burton claimed Coriolanus was written "as 'twere for me" citing the character's arrogance and loathing for the mob. His perfect evening in the theatre would be to play Coriolanus for a very limited audience of about 200 people. Theatre audiences, he said, were full of awful women with blue-rinsed hair accompanied by bored and recalcitrant husbands.

Clips with Taylor included that love scene in *Cleopatra* in which a violent tweak of the neck is prelude to a kiss and the vitriolic outdoor row in *Who's Afraid of Virginia Woolf?* On Broadway in May the couple re-unite for *Private Lives*. Act 2 should be dynamite: "Let's blow trumpets and squeakers, and enjoy the party as much as we can, like very small, quite idiotic school-children. Let's savour the delight of the moment. Come and kiss me darling, before your body rots, and worms pop in and out of your eye sockets." King Lear, after all is not that far way. Shall we ever see him play it; and does it matter if not?

MICHAEL COVENEY

Burton: a talent unfulfilled

Riccardo Chailly/Festival Hall

Dominic Gill

The four London Symphony Orchestra concerts I have reviewed in the past two weeks, each one under a different conductor, have provided not so much a discouraging portrait of a great orchestra playing well below its best form—although that has been too often true for comfort—but rather a deeply discouraging commentary on the state of the art of conducting today. For whatever reasons—and they are certainly many and various—one alone of the four maestri, the Russian Yuri Simonov, demonstrated unequivocally the qualities, and the command of his medium, that one properly expects from the role.

The best quality of Riccardo Chailly, who conducted Tuesday night's LSO concert, is an unusually firm and lively rhythmic sense (which was at least a welcome refreshment from the all-pervading flabbiness of Giuseppe Sinopoli's direction two evenings before). It is not a subtle rhythmic sense, but it is exact and energetic; and in his concerts, Chailly works energy almost to death. From the look of him in the first, broad, powerfully serene tutti of Beethoven's fourth piano concerto, he might have been conducting the climax of a Mahler symphony. It was fortunate that the orchestra took almost no notice at all of this aspect of his direction, but rather followed the rapt and calmly concentrated spirit of the soloist, Krystian Zimerman.

Underneath Chailly's energy, and under all of his visual razzmatazz, there is not always as much actualy going on, musically speaking, as one might imagine there to be. In Wagner's *Wesendonck Lieder* he seemed to have no clearer idea than his soprano soloist Katia Ricciarelli what to do with, and what to make of, the material. And Miss Ricciarelli did not appear to have any ideas at all: she turned out the music nervously, hastily and breathlessly, interrupting every seamless line with gulps of air, and as often running out of *impetus and* timbre in mid-phrase. It was a performance without major mishap; but as a performance of what are perhaps the greatest songs for voice and orchestra ever written, it was disgracefully inept. Hurling himself around the podium, like an orator who has just realised his shoes are on fire! Chailly ended his evening with the overture to *Die Meistersinger* all concert showbiz, without a trace of vision, or insight, or heart.

Irina Arkhipova/Wigmore Hall

Andrew Clements

To hear Miss Arkhipova in recital in the Wigmore Hall for the first time was a startling, often thrilling experience. The voice never ceases to amaze with its quality, control and range of colour; the reference books claim her as born in 1928, but on Tuesday night's form she would have held her own with any mezzo 15 years her junior. The recital was rather a thing of patches, however. Not in Arkhipova's singing, which never strayed from the top flight, but in its programming: a first half distinctly more satisfying than the second, which contained some curious items indeed.

We began with a Pushkin group, settings by Rimsky-Korsakov, Cui, Borodin and Anton Rubinstein. Effortlessly sustained tone in Rimsky's "On the Hills of Georgia"; veiled throatiness in Borodin's "By the Shores of a Distant Homeland." The songs by Cui and Rubinstein were real discoveries; Cui's "The Statue at the Tsar's Summer Palace" is a perfect miniature for which Miss Arkhipova reserved her warmest, most intimate manner. Craig Sheppard was the accompanist, nicely judging his role in the songs by striking an uneasy pose when it came to rendering piano transcriptions of operatic extracts.

Miss Arkhipova shared the recital with her husband, Vladislav Piavko, principal tenor at the Bolshoy. Mr Piavko proved to be a Russian tenor out of a nightmare — loud, raw and uncultered.

After this intrusion the recital never quite recovered its poise. "Jerusalem" from Mendelssohn's *St Paul* and the same composer's "On wings of song" brought an unconvincing brand of piety out of the mezzo, though the tone was always held in perfect check. In a Mozart group, "Deh per questo" from *La Clemenza di Tito* was the pick, severe and incisive; Cherubino's "Voi che sapete" and "Non so piu" stretched the bounds of credibility, artfully though Miss Arkhipova graded her sound.

Obituary/Sir Adrian Boult

Sir Adrian Boult, CH, the conductor, died yesterday at the age of 93. The last of the older generation of conductor-knights, he was the least flamboyant but not the least interesting or gifted of them. Through integrity and loyalty to the score, this thorough, sensitive, serious musician won and retained a position of great respect. There was about Boult's conducting a lack of purely physical appeal. There were nights, especially in the classics, when the flame burnt low, but more often, in a sober but satisfying way, the music rang true, with an eloquence and sense of proportion that sometimes elude more fiery interpreters.

After Westminster and Oxford Boult went to Leipzig, where as an observer he studied the methods of Nikisch, from whom he learnt to rely for his results on the point of the stick and not to overwork players at rehearsal. Boult's first big job came in 1924 with the conductorship of the City of Birmingham Orchestra. In 1930 he became Director of Music to the BBC and founder-conductor of the BBC Symphony Orchestra. The creation from scratch of a first-rate ensemble which reached world rank in a few years was his greatest achievement and one which left an enduring mark on musical life in Britain.

On reaching the BBC's retiring age in 1950, Boult became chief conductor of the London Philharmonic until 1957, and remained associated with the LPO in later years. His career was not confined to symphonic or choral music. He conducted *Parsifal* both at the Royal College of Music in London and for the BNOC, took part in Napier Miles's operatic ventures in Bristol and in London, and at Covent Garden conducted *The Valkyrie* during the English season of 1931. He took over from Ansermet the musical direction of the 1919 Diaghilev Ballet season at the Alhambra.

Boult's unceasing work for British composers at home and abroad began early—in 1918 he gave the first performance of Holst's *The Planets*. There followed a long succession of premieres of nearly a hundred works (they included the Pastoral, Fourth and Sixth Symphonies of Vaughan Williams, like Elgar a composer for whose music Boult showed special sympathy) in reliable, faithful readings. His interests however were not parochial—he introduced, in concert form, Berg's *Wozzeck* to London.

RONALD CRICHTON

Saleroom

An autographed manuscript of the closing bars of Mozart's String Quartet in G minor, K516 was sold yesterday for £12,240 to a private collector at Christie's sale of letters, historical documents and music *manuscripts*.

One of Karl Marx's letters was bought for £3,750 by Mr Anthony J. Ryan, who will display it in his Southsea restaurant. In the letter, previously unpublished, Marx tries to persuade his doctor that his coughing fits are not psychosomatic. He died two months later.

The letter was sold by Mrs Betty Williamson of the Isle of Wight, daughter-in-law of Marx's doctor.

A letter from Henry VII to Edward Courtenay, Earl of Devon, concerning Perkin Warbeck, the West Country rebellion and the defence of Exeter, was sold for £17,280 to a private collector in the U.S. who bid on the telephone.

A *plain* tapering *cylindrical* coffee pot made in the Channel Islands by Pierre Amiraux of Jersey about 1745 realised £8,640 at Christie's sale of English and foreign silver. The sale totalled £191,246

In other lots a George II two handled oval soup tureen and cover of 1747 by Eliza Godfrey with a later crest by Robert Garrard, 1852, made £7,128.

Koopman the London dealer paid £6,480 for a 19th century Viennese silver gilt, enamel and gem set ewer

Music-theatre on record

Music-theatre: music and theatre. When a composer writes for the stage, he anticipates—and, if he is wise, allows very carefully for—a visible performance. Concert-music founded upon a "theatrical" idea or scenario is quite different, even if it presupposes that the audience has dutifully read the programme-notes; music that makes the stage really redundant isn't music-theatre. Any Mozart-lover who prefers his *Figaro* on records must still admit that the sense of the music is *fixed* by a story, and what's more a *stage*-story with entrances and exit and prepared surprises. When Wagner spoke wistfully of an "invisible theatre" he was deploring the practical limits of visible realisation, not forswearing opera for symphonic poems.

A good opera is therefore radically incomplete on the gramophone. (Bad operas with good arias deserve the gramophone.) Where individual characters figure crucially, as in most opera, a gesture or a stance may alter the effect of what's being sung; the gramophone denies that possibility. Hence the temptation, in recorded opera, to represent *everything* in sound — whether vulgarly by radio-play effects and over-acting, or more ingeniously by wringing every dramatic implication out of the music itself. The latter is what Carlos Kleiber does in his new *DG Triston*. The result is brilliantly sensitive, exacerbated, hallucinatory, almost dematerialised.

From the Prelude, it is clear that Kleiber's personal vision of the score is to guide every detail. The *Staatskapelle Dresden* —hardly recognisable from Janowski's broad, cogent readings of *Rheingold* and *Wolküre* —respond like chamber-players to Kleiber's fantically subtle demands. The sound-engineering is impeccable, granted the usual artificial presence bestowed upon the voices—they impose themselves effortlessly, and don't have to pace themselves as for a live performance. Kleiber's Isolde is Margaret Price, who does not plan to enact the role on stage, and so seizes this unique opportunity to invest it with every possible vocal nuance and colour.

Her collaboration with Kleiber is complete, but she preserves her own authority of phrasing. By comparison René Kollo's Tristan seems a passive tool of the conductor, too boyish and gentle to make an equal match, despite firm heroic noises at high points. His soft singing in Act 2 is melting; the visions in Act 3 are fervent, but not freighted with any weight of experience. Stage presence might have made up the deficiency. Again, Kurt Moll's poignant King Mark —exquisitely sung—needs the further noble gravity that his physical stature would ensure in a visible production, especially since Kleiber treats his music so flexibly: the King is a grieving Wotan, not just a betrayed Gunther.

In short, this is a nerve-end *Triston*, electrified by Kleiber's insights (which deserve far more discussion)—a marvellous aural fantasy in which the principal dramatic relationships are never quite anchored. The Brangäne and the Kurwenal, Brigitte Fassbaender and Fischer-Dieskau, are models of their kind.

Wagner: Tristan und Isolde. Price, Kollo, Fassbaender, Moll, Fischer-Dieskau; Kleiber / Staatskapelle Dresden. DG 2741 006 (five records).

Virgil Thomson: Four Saints in Three Acts. American cast; Joel Thome/Orchestra of Our Time. Nonesuch 79035 (two records).

Poulenc: La Voix humaine. Prêtre/Orchestre du Théâtre Nationale de l'Opéra-Comique. EMI Pathé-Marconi 2C 069-12052.

Satie: Le Piège de Méduse. Ciccolini/Orchestre des Concerts Lamoureux. Other songs and pieces: Gedda, Mesplé, Bacquier, Yan Pascal Tortelier. EMI Pathé-Marconi 2C 069-10749.

Iris Murdoch used to contrast works of subjective "fascination" (example *Hamlet*) with works of objective "myth" (example *King Lear*): Kleiber's *Tristan* is continuously fascinating, too special to feel mythically rooted in the human condition.

Utterly un-Wagnerian, the "opera" that Virgil Thomson wrote with Gertrude Stein translates charmingly to records. *Four Saints in Three Acts* is the source of "Pigeons on the grass, alas": Miss Stein's libretto is all private word-games, and the only scenario the work boasts was devised by the original producer Maurice Grosser so that *something* could happen on stage. Thomson's transparent score starts from Baptist hymns and adds snatches of mock-operetta, too guileless to pass for parody. With no particular goal the music meanders, and it would be nice to have something to watch while it goes on; but it is very amiable and disarming.

Poulenc's monodrama after Cocteau, *La Voix humaine*, is almost too Wagnerian for its own good—his short-winded muse had to flail hard to make gestures of the required histrionic amplitude. But the stage action is only reeling and writhing and fainting in telephone coils, a matter of affecting postures; the drama is all in the anguished voice, and Denise Duval (for whom Poulenc composed the piece) proves in the reissued recording to be as stylish, persuasive and moving as one remembered.

A brief mention for *Le Piège de Méduse*, a sweet-tempered little farce for which Satie wrote both text and music. As music-theatre it is supremely modest: the only musical numbers, scored for an ensemble like that of *L'Histoire du soldat*, are tiny, cheerful dances for a non-speaking extra. The play is excellently spoken by Pierre Bertin (who produced it first several decades before this 1969 recording). The songs and other pieces that complete the *record* are *irresistibly* well turned, notably by Mady Mesplé. An odd little treasure.

DAVID MURRAY

Carmen/Covent Garden

Max Loppert

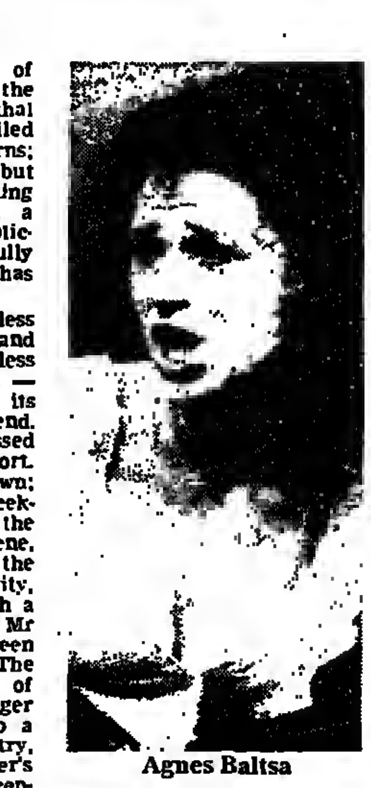
Accepting inevitable disappointment is the familiar experience of *Carmen* revivals in the big opera houses. Not on Tuesday night at Covent Garden: growing excitement was the keynote, *tightening* involvement, and a thrilling cumulative affirmation of a work that one knows to be a masterpiece but all too often perceives swathed in thick routine. The cast, mostly new to the theatre, numbers no francophone members; this would seem to matter the more when the opera is given with spoken dialogue—right decision for Bizet, so often the wrong one when the occupants of a large stage are as multi-national as they were last night (the principals are Greek, Catalan, American, and Cornish). No naturally big voices. Yet it all draws together, and draws one into its web, with a sharpness of attack that both delights and seizes one by the throat.

Like minds are felt to be at work—Agnes Baltsa, Jose Carreras, and Colin Davis as conductor appear to have discovered a way of projecting the drama through the house, jointly; the work of all three is not conceived in "bits" but as a mutual endeavour, and the benefit is passed directly to the audience. Though Miss Baltsa's Carmen is so entirely fresh in its impact, *so sinewy* and *original* in much of its detail, and so vigorous in its execution, there is never any danger of failing to appreciate its overall line.

The playing and staging are of a piece: this is from the first a Carmen of wild impulse, untamed and undeniable. In the Habanera she seems at first to be no more than a spirited madcap; but the sudden ferocity of decision, and *the* equally sudden fits of determined stillness, soon fill in the underlying strength of character. The native colour and vibrancy of Miss Baltsa's mezzo supply the role so much immediately that her beautifully taut, controlled singing of it (sleek, zesty turns; chest attacks hard-hitting but never egregious; *contrasting* lighter shades) is almost a bonus. The words are explicitly but always purposefully pronounced; everything has meaning.

Mr Carreras's José is no less startling an achievement, and reached with perhaps less naturally suitable means — though the voice retained its warm dusky appeal to the end, high notes were often pressed beyond their bounds of comfort. The face has slimmed down; large dark eyes and fine cheekbones strike out through the ritual of the opening scene, setting José apart at once; the balance of passion, sensitivity, and weakness is judged with a singing actor's art that Mr Carreras has not always been counted upon to possess. The Flower Song, a moment of romantic expansion for singer and conductor alike, is also a moment of bittersweet poetry, for it marks out the character's decline as much as his exceptional power of feeling. From here to a painful end, the line, like Miss Baltsa's, is never broken — those dangerous long patches in Act 3 have seldom been crossed with so few stumbles.

Sir Colin, conducting his first Royal Opera *Carmen* (those who remember his Sadler's Wells performances do so warmly), brings to the opera that fine, clear, urgent attack, that propulsive enthusiasm, that is his *special* gift in French opera—rhythms springy, not spongy, points of colour delighted in *without* being *doted upon. This* was one of those infrequent evenings where most things at the Garden seemed right—



Agnes Baltsa

Michael Geliot's decade-old production not excessive in business (as it has sometimes appeared in the past) but acutely layered, almost all of *the* smaller contributions exactly placed (with Richard Van Allan, Henry Newman, and Francis Egerton earning a special salute).

And if Micaela, in the rich-hued voice but somewhat prima donna person of Leona Mitchell, and Benjamin Luxon's relaxed but vocally unlikely Escamillo are *Carmen* performances of more conventional cut and *calibre*, the *whole* easily subsumes them. How wonderful, for once, to find the work not too long but too short!

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

February 18–24

Exhibitions

HOLLAND

Diplomatic Relations between the Netherlands and the U.S. are celebrated in From New Amsterdam to New York, a collection of letters, paintings, diaries and photographs reflecting life in earlyy New York. Amsterdam Historisch Museum. Ends April 4.

Dutch contemporary artists, selected by Albert Waalkens. Museum Boymans-van-Beuningen, Rotterdam. Ends April 4.

Rijksmuseum van Oudheden, Leiden: Egyptian hieroglyphics on papyrus up to 4,000 years old. Ends April 4.

ITALY

Florence, Palazzo Pitti: One hundred works from Dresden Picture Gallery. Ends March 4.

Rome, Galleria Nazionale d'Arte Moderna: Paintings inspired by Garibaldi from Fattori to Guttuso. Ends Feb 27.

Milan, Palazzo della Permanente: Twentieth Century paintings including Sironi, Campigli, Carra de Chirico and Morandi. Ends March 27.

Milan: Museo Poldi Pezzoli: Zenale and Leonardo: Traditions and changes in Lombard paintings, including Zenale's Immaculate Conception from the Paul Getty Museum, Malibu.

NEW YORK

Metropolitan Museum of Art: Architectural drawings, furniture, photographs and even ceramics comprise the hundred objects of Frank Lloyd Wright's dusted off to accompany the permanent installation of the living room he designed for the Francis Little House. Ends Feb. 27. (5357100)

Whitney Museum: The 75th anniversary of the exhibition of The Eight, the group surrounding artist and teacher Robert Henri, is being remembered with nearly half of the 60 paintings first shown at the New York Macbeth Galleries in defiance of conventions established by the National Academy of Design. Besides Henri, works by Luke, Lawson, Shinn and Davies will recreate the origins of modern art in America. Endes March 20.

Guggenheim Museum: Retrospective of French Surrealist Yves Tanguy includes 125 paintings and works on paper from the early influence of de Chirico to a Connecticut insularity where he could contemplate his vague shapes and unidentifiable lunar surfaces in comfort. Ends Feb. 27. (8601300)

WASHINGTON

National Gallery: On the centenary of Edouard Manet's death, a hundred paintings, pastels and photographs show the growing interest in Paris among artists of that time, including Manet, Monet, Caillebotee, Daumier, and Vuillard, in this thematic exposition. Ends March 6. Seven major series by sculptor David Smith are represented in the 60 large works in welded metal included in the exhibit. Ends April 24. (3572700)

Corcoran Gallery: The latest in the Corcoran's Biennials, a tradition going back to 1907, concentrates on regional artists of the American west with 30 living painters represented by 106 works. Ends April 3.

CHICAGO

Museum of Contemporary Art: 300 works from the superb modern Russian collection of George Costakis preserves the exuberant hopes of *cubo-futurism, suprematism and* constructivism through the paintings and designs of Kluun, Chasnik, Rodchenko, and Malevich before their extirpation by Stalin. Ends March 13.

LONDON

The National Portrait Gallery: Van Dyck in England – if not unquestionably the greatest, pace Holbein, certainly the most prolific and lastingly influential of our Court Painters, establishing the image of romantic, doomed Cavalier grandeur in its final years. He could not have done this without an army of studio assistants and it is easy enough to recognise the fruits of the production line, but he was a wonderful artist for all that. He is a painter's painter, steeped in the works of the earlier Italian masters, and the worthy successor to his own master, Rubens. Ends March 20.

PARIS

Claude Gellée or Le Lorrain (1600-1682), as his name indicates, was born in Lorraine but spend his creative years in Rome. He was a painter of luminous landscapes and a poet of the sea. He influenced Turner and Monet and was admired by Goethe and Keats. His love of nature charmed the English, yet his compatriots failed to appreciate him fully. Thus many of the oils, drawings and engravings in this exhibition, significantly organised on the initiative of the National Gallery of Washington, will be seen for the first time in France. Grand Palais. Closed Tue. Ends May 16 (2603926)

From Carthage to Kairouan, *2,000* years of art and history in Tunis. Magnificent mosaics and a vast model of the Kairouan Mosque retrace the succeeding Phoenician, Roman and Islamic influences on art in Tunisia. Petit Palais. Closed Mon. Ends Feb 27.

The Hague School of painting: 160 oils and watercolours by 19th century Dutch artists depict mostly the sea and the seashore in a poetical mood or genre scenes and culminate gloriously with the beginnings of Van Gogh and Mondrian. The exhibition will go on to London and The Hague. Grand Palais, closed Tue. Ends March 28 (2615410)

VIENNA

Künstlerhaus: Aspects of present day art in the Soviet Union from the Ludwig collection. Ends Feb 25.

Wiener Secession: Retrospective of Arik Brauer including oil paintings, gouaches, tapestries, sculptures and jewellery.

WEST GERMANY

Berlin Nationalgalerie, 50 Potsdamerstrasse: Development of video art in West Germany from 1963. Ends March 6.

Munich, Lenbachhaus, 33 Luisenstrasse: More than 200 paintings by the Russian artist Alexej von Jawlensky (1864-1941), and 15 works of friends and contemporaries. Ends April 17

Nuremberg, Kunsthalle, 32 Lorenzerstrasse: This is the only German venue of New American Realism, a much applauded show of paintings, water colours, drawings and sculptures from 1960 to 1980. Ends April 10.

Stuttgart, Staatsgalerie, Konrad Adenauer Strasse: Late 16th and early 17th century Italian masterpieces reflect the beginnings of Baroque. Ends spring 1983.

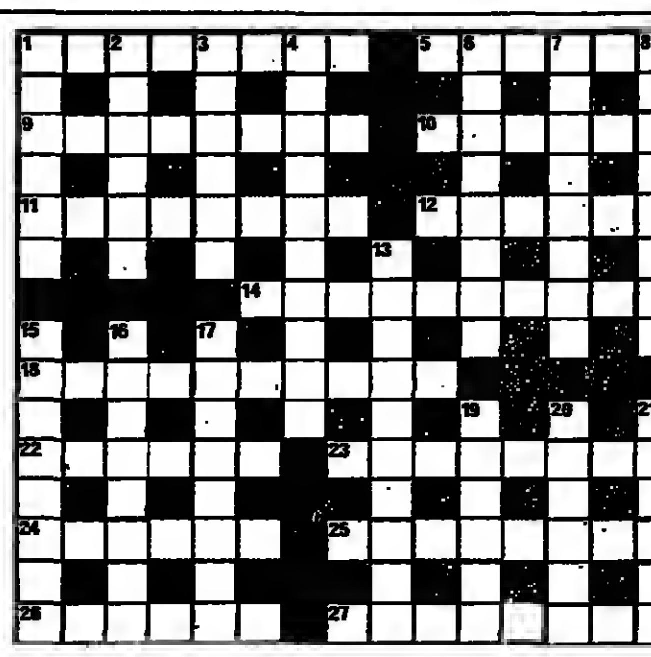
Frankfurt, Kunstverein, 44 Markt: Drawings and paintings depicting human beings from between 1960 and 1970 by Pier Pasolini, the Italian movie director. Ends Feb 27.

Düsseldorf, Kunsthalle: The show offers a comprehensive survey of Henri Matisse. The 80 paintings include works on loan from Paris, New York, London and Moscow. They are supplemented by a dozen sculptures. The focal point of the show is the gigantic La Danse. Ends April 4.

Tübingen, Kunsthalle: 157 drawings, gouaches, water colours and collages by Jean Dubuffet, the French Art Brut painter and sculptor. Ends March 6.

Cologne, Rautenstrauch-Joost Museum: The only German venue of an exhibition featuring 2,000 Mexican wooden dance and death masks. Also Pre-Columbian objects on loan from the Instituto Nacional de Antropologia e Historia in Mexico City. Ends May 15.

F.T. CROSSWORD PUZZLE No. 5,106



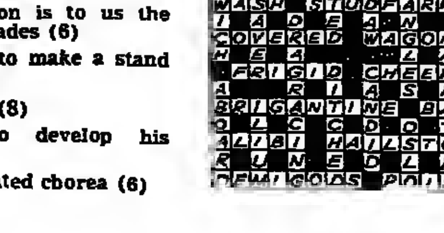
ACROSS

1 An air of grief (8)
5 Get a new escort duck! (6)
9 Arriving looking suitable (8)
10 Certainly fashionable act (6)
11 About three times worker is a renegade (6)
12 Lethargy among the last up ordinarily (6)
14 Where to buy drinks inside? (6-4)
18 Roman store rebuilt for Flamsteed (10)
22 Farmworker plants two pounds in a row (6)
23 Fletcher's playmate in Texas (8)
24 True, Turkey borders this land (6)
25 Soldier entertains everyone —a way to organise a dance (6)
26 German man in empty study may be drunk (6)
27 Encourages bridge players in one suit (8)

DOWN

1 Overcoat for mediaeval servant thanks to poet (6)
2 Grotesque bird has no company (6)
3 Figure it's right to support decorated Greek character (6)
4 Consumer area (6-4)
6 Faithful little girl and boy on time (6)
7 The odds on Scotsman being a player (6)
8 Signal to stop annoyed Tennyson's knight (6)
13 Declare solemnly a ship always at head of estuary (10)
15 Rough person is to us the depths of Hades (6)
16 Quiet time to make a stand (6)
17 Main guide (8)
19 Nowhere to develop his work (6)
20 Quintus treated chorea (6)
21 Compositions for English duets perhaps (6)

Solution to puzzle No. 5,105



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Thursday February 24 1983

A defeat for pay targetry

THE water workers' settlement is a serious defeat for the Government, and Ministers are not bothering to conceal their chagrin. It is hardly a surprising event, though, for the risk of such a confrontation is built in to the Government's whole approach to public sector pay, as we have argued repeatedly. The attempt to impose a low pay norm on a large and dangerously undefined area of the public sector is an invitation to a battle of wills. Unless every skirmish is to be seen through to the bitter end, this is a dangerous undertaking.

The policy, it is true, has secured some notable successes, with moderate settlements and a growing reluctance to strike; but the determination which secured these results was based on a policy which left no room to recognise special circumstances. The report of the inquiry into the water dispute may show how far the water workers were justified in complaining of a relative decline in pay. What is already clear is that the workers believed strongly in their own case. A sense of grievance in a genuinely strategic industry was always liable to cause a nasty upset.

The trouble is that just because the policy is rigid, any damage could become widespread, as Ministers clearly recognise. The dispute teaches all the wrong lessons: pay is determined in a battle between the militant working class and the Government, and muscle wins.

Contrast

Negotiations with other key groups are bound to be tense. Government efforts to remind workers that pay lost in a strike is only slowly won back after a settlement are unlikely to make much difference. For militants, victory is its own reward; the main hope must be that workers in other key industries are not in a militant mood, as the miners have not been recently.

The contrast between peace in the coalfields and the solid strike in the normally peaceful water industry is worth underlining. The miners were not directly subject to pay targetry, and the political challenge which it implies. The Government constraint here consists solely of a limit on external finance for the industry. Since coal has to compete with other fuels, that provided a background of economic realism.

Just as important, the miners now enjoy an effective productivity scheme, agreed despite fierce union opposition, which makes satisfying earnings possible. The repeated records in productivity speak for themselves. The aim of effective labour relations, as Mr Richard Giordano reminded the Institute of Directors yesterday, is to seek ways of paying high wages while remaining competitive.

Disadvantages

The Government recognised such possibilities, when it left pay in such industries to normal negotiations, subject only to external financial constraints; its difficulty is in industries where there may be an effective monopoly, as in gas and electric power, or where productivity is hard to measure, as in health and law and order. It is here that will power has been substituted for market disciplines.

This has two disadvantages, even when the Government wins the battle of wills. It invites disruption of what are in some cases economically or socially vital services; and it tends to depress relative pay. This is simply because once a Government starts to talk in percentages, it is bound to use relatively low numbers. These are the distortions which lead to the collapse of every incomes policy, partial or general.

As is becoming more widely recognised, these central services need a different approach, aimed to secure fair treatment and avoid disruption. This is not to be achieved by legal bans and the implied threat of mass imprisonment, but by a system of pay determination seen by the workers as sufficiently fair and objective to make it worth their while to forego the right to strike to secure it.

It is hard to imagine any such system which does not include an important element of comparability—a reflection of general market disciplines, as well as a solid safeguard against leapfrogging claims. It is not encouraging to hear Mr Tom King, Secretary of State for the Environment, after making a mess of his intervention in the dispute, celebrating the fact that this element of commonsense is still ruled out. The Government will need a more open mind if it is to avoid courting another such defeat.

Facade of unity in Algiers

ON THE face of it, the Palestine National Council has delivered a heavy blow at President Reagan's Middle East peace proposals, and in that sense the nine-day meeting which ended in Algiers earlier this week has been a set-back. But at least, on the most optimistic construction of the final communique, the U.S. initiative has not been categorically rejected. To that extent, Mr Reagan's plan remains just about on the table—or it would remain on the table if the Israeli Government of Mr Menahem Begin showed any interest in it.

The essence of Mr Reagan's plan was for the creation of some kind of Palestinian entity on the West Bank, falling short of a fully-fledged state, and in association with Jordan. Under pressure from the hard-line factions in the Palestinian movement, the moderates led by Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, were forced to concede a final resolution which rejected "consideration" of this plan, without rejecting the plan itself. Whether this semantic distinction is important will be open to rival interpretations.

Concessions

Instead, the PNC has fully endorsed the more far-reaching peace plan adopted by the Arab summit at Fez last year, which calls for a Palestine state on the West Bank with Jerusalem as its capital.

This Arab plan would require even greater concessions from Israel than the Reagan proposals, and would be that much more difficult to negotiate. If there is an optimistic construction to be placed on the PNC's endorsement of the plan, it is that the hard-liners in the Palestinian movement have been reluctantly persuaded to back a scheme which would, by implication, involve recognition of Israel rather than the destruction of the Israeli state. Moreover, it is inherently desirable that the Palestinian movement should keep in step with the Arab League.

Finally, the Palestine National Council has supported the idea of a confederal relationship between the West Bank and Jordan. This may be interpretated as a tentative step towards one of the crucial elements in the Reagan proposals, and may thus help to keep the President's scheme on the table, even if the Council has formally refused to consider it.

Yet no totting up of all the marginal plus points in the PNC's final resolution can conceal two central facts. The first is that the effort to maintain a facade of unity between the rejectionists and the moderates has resulted in very little movement on those issues which could improve the chances of a negotiated settlement.

Facts

The second fact is that, even if there is some validity in an optimistic interpretation of some parts of the PNC resolution, it will make no difference unless Israel can be persuaded to look in the same direction of a negotiated peace process. Here all the evidence is discouraging.

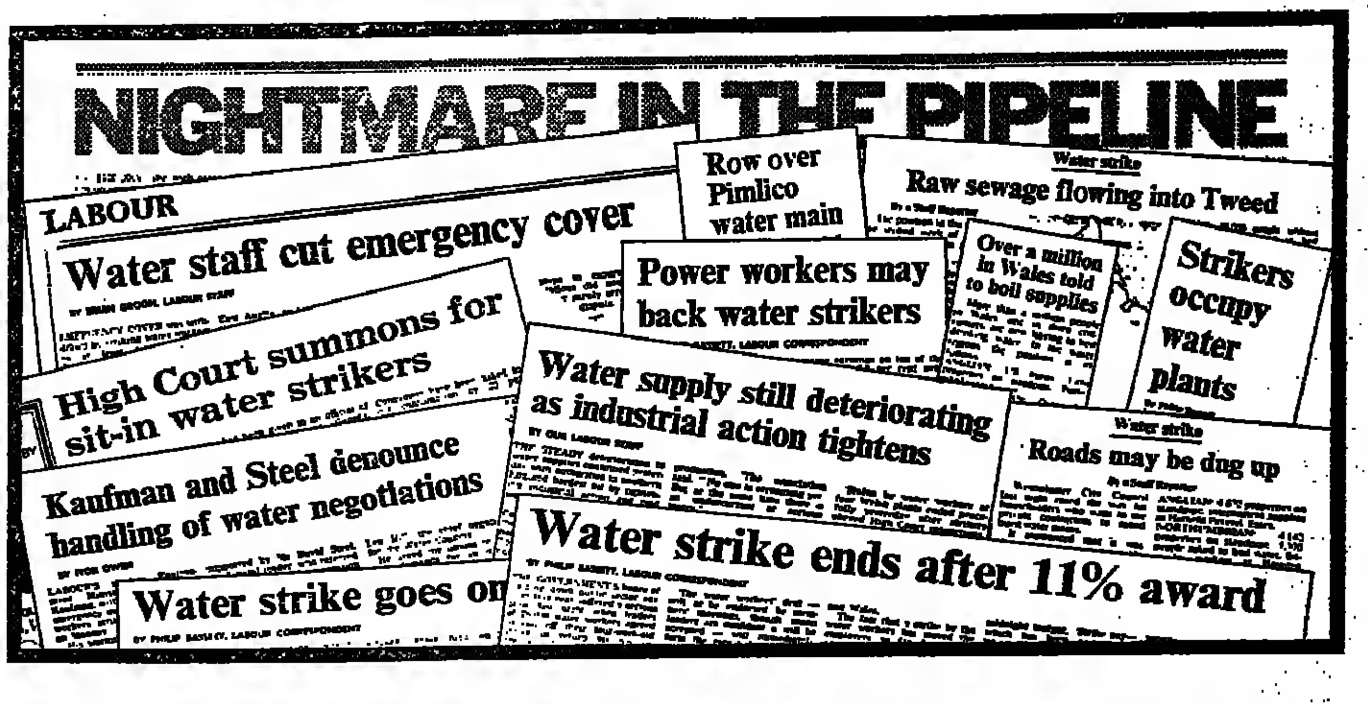
The resignation of Mr Ariel Sharon as Defence Minister is eloquent testimony to the force of the Kahan report on the Beirut massacres; but his retention in the Israeli cabinet as minister without portfolio is equally eloquent testimony to the power of Mr Sharon's position in the government. Even if the Palestinian movement had been prepared to consider the Reagan plan, there is no evidence that Mr Begin would be willing to follow suit. On the contrary, his entire policy is directed at *de facto* absorption of the West Bank as part of greater Israel.

In an attempt to speed up negotiations on the withdrawal of Israeli and Syrian troops from Lebanon President Reagan has offered to guarantee the security of Israel's northern borders. But the response of the Israeli Government has been to reiterate once again that it will take care of its own security. Unless the U.S. can induce Israel to reconsider its attitude to the Palestinian problem—and it has had no success in this direction so far—the prospects for progress in the Middle East look grim indeed.

BRITAIN'S WATER DISPUTE

The pay strategy springs a leak

By Philip Bassett, Labour Correspondent



BRITAIN'S water workers will return to work this morning after 31 days of the industry's first-ever all-out national strike—so ending one of the most extraordinary industrial disputes in the UK in recent years.

Extraordinary, because few thought it would ever happen at all—and when it did, its effects were nowhere near as dire as had been predicted. Extraordinary, because the normal grim combat of a strike was turned at times into farce mainly by a series of industrial relations gaffes by the employers. Extraordinary, because of the rock-solid support for the strike throughout by union members. Extraordinary, too, because the whole dispute has involved only 28,000 workers. Most extraordinary of all, because of the scale of the unions' achievement in the final outcome: the claims that this is the first major trade union victory since this Government took office may well be justified.

Following the agreement to return to work reached late on Tuesday night on the basis of the Johnston committee of inquiry, all sides involved in the dispute were yesterday taking stock, examining the strike's likely impact in key areas:

● **The Government.** The strike marks the first real failure of the Government's "resolute approach" in dealing with the unions. Since taking office in 1979, the Government has been determined, virtually at whatever cost, to sit out and win the big strikes which have been launched annually—all of them in the public sector: steel in 1980, the Civil Service in 1981, the National Health Service and three rail strikes in 1982. Only the miners' strike in 1981 over pit closures forced a swift Government retreat—and even then the climbdown has been clawed back by a piecemeal but constant programme of closures by stealth.

Backed up by rising unemployment and three tranches of labour legislation, the Government's strategy has been remarkably effective. The same approach was tried with water, with the Government in November in effect instructing the water employers not to make a projected 6 per cent pay offer—which might then have led to a considerably less expensive settlement at about that level—but to offer 4 per cent instead. That was in line with its policy of trying to hold down public sector pay increases to something like its 3½ per cent cash limit pay factor set for central government.

In retrospect, with a deal which even the employers acknowledge will push up average earnings by 10 per cent, this move could hardly have been more damaging: it enraged the unions, and despite the pro-Conservative sympathies of most of the regional water authority chairmen, distanced the employers who were already troubled by the Government's surprise abolition last July of their umbrella body, the National Water Council.

Since then, the Government's supposed policy of non-intervention in industrial disputes has looked increasingly ragged. When Mr Len Hill, chairman of the employers' negotiating committee, made his famous offer of £5-£10 as a minimum from productivity improvements on the BBC's World at One programme, Mr Tom King, Environment Secretary, could barely contain his impatience to appear to counter Mr Hill.

As Mr Denis Howell (Labour MP for Birmingham, Small Heath) told the Commons during its debate on the dispute: "When he [Mr King] was asked by Mr Brian Widlake (the presenter) what he was doing, was he attempting to correct, or was he interfering in the negotiations, he said 'No.' Mr Widlake then asked him: 'If you are not interfering, Secretary of State, what are you doing in this studio?' Game, set and match to Mr Widlake."

Other Government interventions, particularly by Mr Norman Tebbit, Employment Secretary, have hardly been helpful, though they may be as significant: some of the mud thrown by Mr Tebbit when he attacked the constitutional validity of the unions' pre-strike ballot may stick in the atmosphere created by his Green Paper on union democracy; and the water strike has led both Mr Tebbit and right-wing pressure groups such as the Centre for Policy Studies and the Institute of Directors to force no-strike agreements in essential services back on the political agenda.

● **Pay.** With a deal on earnings 3½ per cent more than that won by the miners, traditionally one of the highest settlements in the pay round, the Government's hopes of containing the level of pay increases this year, especially in the public sector, have sustained a setback. Even though the unions and employers are still arguing about its actual value, the deal is clearly far in excess of the current general level of pay settlements.

Behind the accusations about pricing themselves out of jobs, which do not easily apply in a labour-efficient, capital intensive industry such as water where productivity improvements have already brought the manual workforce close to its optimum level, all the Government can hope for is that the deal will be seen as an aberration which will not flow through to the other key areas of gas and electricity supply.

Industrial relations managers in these two utilities have been among those most worried by the knock-on effects of a high water deal, and settlements in gas and power are bound to be inched up.

But the knock-on effect is not a simple one. Gas and power workers are already beginning to mutter about their traditional differentials being eroded by the water deal. The unions involved are bound to press for their members' interests as hard as the water unions pressed for theirs.

The complication is that the General, Municipal and Boilermakers' Union (GMBU) is now the majority union in all three public utilities. The knock-on effect may well then be double-edged. Having just fought a case based on the pay gap between water and gas and electricity, which has cost it more than £1.9m in strike pay alone, the GMBU is unlikely to undo the outcome of the water strike by reaching deals in gas and power which will widen that gap again.

Government and employers may therefore try to present the water settlement as a one-off deal. While true, to do so is in itself dangerous from their point of view, in that it vindicates if only to some extent the water unions' claim that they had fallen behind on pay.

Dr Tom Johnston, the chairman of the inquiry, has still to pronounce in his final report on the issues. As yet, then, the only pay policy victory is in the astringent thinking of the earlier Buchanan mediation report, whose terse rejection of comparability because of the current economic climate stands as a precedent which other employers will inevitably deploy.

● **Employers.** The water employers' record in the dispute is poor, though perhaps if the shrewd Mr Jim Dickens, the NWC's director of manpower, had handled the employers' case in public rather than Mr Hill, everything might have been different.

> The strike will give new heart to the trade unions... it will be taken up as a rallying cry

If the water workers were virgin strikers, then the NWC were virgin employers—and it showed. Pulled every which way by political and practical considerations, three distinct lines were often emerging: maladroit from Mr Hill, professionally agile from Mr Dickens, and brutishly political from Sir William Dugdale, NWC chairman, who sold the pass in a TV interview: "If you elect a Government they call the shots, and I'm a loyal servant of every successive prime minister I work for. If they say do this, I endeavour in my humble way to deliver it, I suppose."

Mistake followed mistake. Mr Hill's £5-£10 figure became 50p overall. Four per cent was upped to 5 per cent, then to 5.8 per cent, then to 7.3 per cent. This was then "discovered" to be really 8.5 per cent, but under Johnston has reverted to 7.3 per cent. The basic rate increase is 14 per cent, the consolidated basic 8.9 per cent, the overall increase 10.4 per cent, the annualised increase 7.8 per cent, or really 5.5 per cent—all employers' figures.

Such a blitz of figures hardly reflects clear thinking. Even though the employers' actual evidence to the Johnston inquiry was cogently hard-headed, the unions were able to exploit the presentation quagmire.

Taking account of the rough estimate of about £16m savings from non-payment of wages during the strike, the paybill cost over 16 months of the deal is put at about £24m. For that, the employers have got the strike called off, but they have also some, if minor, concrete advances, such as the introduction of more flexible working, which it took British Rail two bitter strikes to achieve and the movement to non-cash payment of wages.

● **Unions.** The importance of the strike to the water unions is obvious. Even taking the employers' earnings figure of a 10 per cent rise, they have won a very high deal in current economic circumstances.

The importance of the strike to the wider trade union movement could be considerable. It will give new heart to a movement cowed by unemployment and rejected by the steely indifference of the Government. It will be taken up as a rallying cry. It will also have the unlikely effect of projecting Mr David Basnett, GMBU general secretary, as a populist victor—though that is perhaps not so odd in a dispute which has seen Mr Eddie Newall, the unions' chief negotiator, seem like the employer — calm, quiet and rational—and Mr Hill seem like the union man — defensive, belligerent and flustered.

That such a boost to the union movement has been achieved in the water workers' case is even more peculiar. Though the unions' evidence to the inquiry was described by one union official as "bombproof," and it explored fully the gap between water workers' pay and that in gas and electricity, it did not argue the case on detailed, job-for-job comparison grounds; the employers failed to exploit this. Equally, the unions took the day without winning over the public: in contrast to the NHS dispute, where low pay won sympathy, average earnings of £136.90 could not. The odd result of this, though, was a relative indifference by the public to a strike which did not affect too many consumers.

● **Effects on the public.** Early predictions that public health would be in danger within 48 hours, that a state of emergency would have to be declared or that troops would have to be brought in, all proved wildly unfounded. Widespread disregard of manual workers' picket lines by management staff, coupled with relatively mild weather and in particular the strikers' close adherence to union codes of conduct, mitigated the effects of the strike.

The 1976 drought led the water industry to increase automation and reorganise the pattern of water mains: as a result automatic pumping stations and treatment plants mostly stood the test of four weeks of inattention.

Industry — perhaps because the recession had already reduced demand — remained largely unaffected, though some small-scale lay-offs occurred. Some ½m consumers were cut off, and these supplies will not be reconnected immediately. A more extensive long-term effect is likely to be the damage done by untreated sewage being poured straight into rivers — particularly following a lengthy effort by water authorities to clean up the UK's river network, which in many cases has now been jeopardised.

● **Arbitration.** Mr Pat Lowry, Acas chairman, and his team have enhanced their reputation. They have been determined to see the dispute resolved, and have worked hard to achieve a result. The collapse of the final inquiry as a team, so that the final judgment had to be made by Dr Johnston alone, is the only point casting a shadow of suspicion on the value of the Acas involvement.

Finally, when the union trumpeting has stopped and the employers have stopped licking their wounds, both sides may well unite in a joint determination to avoid a repetition of the strike, based on a simple reluctance to take each other on again. The conclusion being drawn yesterday on all sides is that in industrial relations, the song remains the same: clout will out, and muscle means money.

Men & Matters

Sales register

The marketing powerhouse that drives the IBM corporate empire has claimed another victory.

From the ranks of the office equipment and computer giant's draconian sales force John F. Akers, aged 48, has emerged as the number two man at the $34.5bn-a-year company.

A Yale graduate who joined IBM as a sales trainee in San Francisco in 1960, Akers was appointed president in a management reshuffle on Tuesday which clarifies the corporate succession.

Akers, who has a reputation as a "white-knuckled marketing man" joins John Opel, aged 58, IBM's hard-driving chief executive who became the company's sixth chairman, succeeding Frank T. Carey, aged 62, who has stepped aside after 10 years in the post. The executive reshuffle completes a management transition begun several years ago.

Most recently, Akers was in charge of the company's information systems and communication group, one of the three main divisions within IBM. "He is a hard hitter who has shown he can get results," said one Wall Street IBM watcher yesterday.

As a senior vice-president, Akers beat other contenders for the president title, most particularly Paul J. Rizzo, aged 55, a senior executive with a background in corporate finance and planning who was named vice-chairman, a post which has been vacant since 1977.

"IBM is stacked three deep with seasoned executives," Ulric Weil, a computer industry analyst with Morgan Stanley, the Wall Street investment bank, said yesterday.

But Akers's marketing experience was almost certainly the decisive factor. IBM is a company founded on its well-oiled marketing machine and on the heritage bequeathed by Thomas Watson, an Ohio farmboy turned travelling organ and sewing machine salesman who built the company.

The top management changes are not seen on Wall Street as signalling any major redirection of the company, rather a continuing emphasis on this marketing strength. Last year this strategy, under the direction of Opel, who has effectively been running the company for the past two years, led IBM into the personal computer market for the first time — a move which has proved to be very successful.

High spirits

Hong Kong's years of cheap booze and fags came to an end yesterday when Financial Secretary John Bremridge slapped on king-size tax increases. A packet of 20 American cigarettes will now cost around 65 pence, against a previous 40 pence—still not a price likely to cause Londoners to shed tears of sympathy. A bottle of that other everyday necessity, champagne, goes up from around £9 to around £10.50.

But Bremridge has chosen wisely the spot to hit hardest. Duty on a litre of brandy goes up from £2.70 to £6.70—compared with a duty increase on other spirits from £2.10 to £4.80. Hong Kong's drinkers are the highest per capita consumers of cognac in the world. Not just any old cognac either—most locals won't sniff at anything less than VSOP.

Lately, however, local industrialists have been calling for drinkers to shun cognac. Not for health reasons, but because Hong Kong's digital watch exports to France are being constrained by French quotas.

The local watch trade association has attempted to organise a brandy boycott by way of retaliation, though in recent weeks the idea has been rather swamped by the alcoholic bonhomie of Chinese Lunar New Year. Bremridge's brandy tax hike now offers the drinker a virtuous choice: sip cognac, and help close the budget deficit—or shun cognac and give moral support to the Hong Kong watch industry. Either way, a timely gesture.

Fourpenny one

Gone are those carefree days when an Englishman could say: "I don't care a groat."

Such is the financial vigilance of Treasury Ministers that they are even now legislating in the Commons to end a series of payments that originate from the time the groat was in circulation.

One of the clauses in the Miscellaneous Financial Provisions Bill will enable the Treasury to cut administrative costs by buying out an annuity of £16,217 which the Duchy of Cornwall has been receiving since 1863 to compensate for earlier duties it levied on the coinage and on tin.

The Treasury will pay the Duchy what is termed "reasonable compensation," calculated on the investment that would be needed in an appropriate Government stock to provide an income equivalent to the redeemed annuity.

Worldly wise

Nearly four times as many people recognise ET as Chancellor of the Exchequer, Sir Geoffrey Howe, according to a poll by the magazine "Movie Star."

Social psychologist Dr David Ingolby said it confirmed the tendency for people to remember pleasant things but push anything unpleasant to the back of their minds.

But just wait until the Budget . . .

Fits the bill

There is always keen competition among MPs to secure the slot before the Commons Budget statement for introducing a Ten Minute Rule Bill.

This is the way of publicising a pet project which is unlikely to reach the statute book. And on Budget Day, of course, not only is there a packed, if occasionally impatient, House but the Bill is broadcast for the only time in the year.

On March 15, the spot will be taken by Dr Edmund Marshall, Labour's psephologist and mathematician from Goole. He will seek leave, appropriately, to bring in a Bill "to provide for the annual review of arrangements for the broadcasting of parliamentary proceedings."

Economic cycle

An economist: One who will know tomorrow why the things he said yesterday did not happen today.

Observer

ECONOMIC VIEWPOINT

Job thoughts from the Mersey

By Samuel Brittan

THE PROBLEM with controversial economists is that their work tends to be accepted or rejected on political grounds. Yet if they are any good, what they have to say will be relevant for people of different political beliefs; and it will be possible to derive alternative policy suggestions different from their work.

These thoughts are brought to mind by a report *Unemployment, Cause and Cure*, by Prof. Patrick Minford and his associates at the Liverpool Research Group. It will be published by Martin Robertson on March 24 (Price £12.50). The book should be judged on its own merits, but it is known that Prof. Minford's work is taken seriously in government circles.

Minford's study is concerned essentially with union monopoly. All monopolies work by reducing volume to obtain higher prices (not rising prices) and unions are no exception. Union monopoly pushes up wages per hour at the cost of reducing the number of man hours worked in the unionised sector. The danger to employment has nothing to do with extremism or subversion. It is in the nature of labour monopoly and can be exercised just as much by rational self-interested moderates.

Rational self-interested moderates

The socially beneficial role of unions is to represent individual employees and protect them from harsh treatment or discrimination. The monopolistic collective bargaining function is at best a promoter of a dual labour market — a better paid unionised sector and a secondary submerged sector into which the less fortunate are crowded. If the displaced workers are unable or unwilling to find places on the secondary labour market, unionised pay settlements serve to increase unemployment.

Unemployment will worsen if either union power increases or unions make more use of their existing power. The former influence can be established easily enough from the growth in union membership. According to official figures, the number of union members in the UK grew from 10.5m in 1959 to 13.5m in 1979, representing an increase from 45 to 58 per cent of total employees. (The percentage of workers covered by union agreements was higher—about 70 per cent.) The number of union members fell back in the ensuing recession to 12.2m in 1981, but because of the fall in total employment, the union percentage fell only a couple of points.

The Minford model of unemployment is quite simple. Over a short period (which he regards as shorter than most other economists) unemployment can be swollen or diminished by world economic shocks or by unexpected changes in monetary or fiscal policy. But the underlying rate (which corresponds to the Non-Accelerating Inflation Rate of Unemployment, or NAIRU and which Minford still calls the "natural" rate and which he estimates at 2m to 2¼m) depends, in his view, on the interaction of union monopoly power and the tax and benefits system.

The mechanism is shown in the accompanying table (which is not to be found in the published volume). There has been a major upswing in unionisation over several decades. On Minford's model, if unionisation had remained at the 1955 level, there would have been a modest £11 a week differential between union and non-union wages. Average wages for male manual workers would have been only about £117 per week compared with £140 actually recorded last November. On the other hand, a million or so extra people would have been employed.

Increased unionisation has thus raised both the average and the union wage. There are of course no published figures for the union/non-union pay differential, but Prof. Minford estimates that the average pay level in the unionised sector at the end of last year was £160 per week. The non-unionised workers were, he believes, crowded into occupations paying, on average, £90 to £100 per week. This normal earnings level, he suggests, was only 6¼ per cent above the typical receipts from social security when unemployed, after allowing for tax and expenses. The estimates will of course be countered by other experts. But they are much less surprising than they may seem if we reflect that the typical non-union manual worker is not a well-paid professional but, say, an unemployed electrician who washes dishes or (in Liverpool) drives taxis, or a young person in a dead-end job.

Union and Non-Union Pay and Benefits

November 1982, £ per week
Male manual workers

	Without increase in unionisation	Estimated actual
Average earnings	117	140
Union wage	120.5	160
Non-union wage	109.5	94
Grossed up benefit income	88	88
Actual benefit	70	70

Source: Liverpool Research Group

> "Workers displaced by union monopoly go on to the dole—or into the submerged secondary sector"

The question that Minford is trying to answer with such examples is the following: "How can union monopoly bargaining possibly price people out of work, when they can get a job in the non-union sector?" His response is that as a result of workers being crowded into that sector, pay rates tend to drop to a level not much better than the social security minimum. In fairness, one should quote Prof. Minford's actual words: "There is nothing in the analysis to suggest otherwise than that unemployment is unpleasant and degrading." But "the alternatives to unemployment, non-union jobs at non-union wages, are even less attractive."

One half of Minford's reform programme consists of measures to tackle the "unemployment trap," i.e. to increase the gain from taking a job as opposed to being unemployed. His first listed item is to introduce a maximum statutory ceiling or "cap" of 70 per cent for the ratio of total unemployment benefits to net previous income in work. This is to be combined with tighter work-seeking tests for the granting of benefit.

As I am going to disagree with the cap—because, for some low-paid workers, a 70 per cent benefit ceiling will bring real hardship—it is only fair to point out straightaway that Minford combines it with proposals for raising child benefit by £2.15 to £8 per child and raising personal income tax thresholds by 40 per cent over two Budgets. He estimates the maximum net cost of his measures—before the full revenue feed-back from more employment—at £3½bn in 1984-85.

It does not cost me anything to oppose the cap: indeed I benefit from fewer unpleasant letters. But there is still a flaw in the proposal, apart from it being possible to pay too high a human price even for reducing the published unemployment percentage. (In Continental countries where it is in force, productivity, real pay and benefits are all higher.) The basic flaw is to attempt to tackle the employment-destroying effects of union monopoly by penalising those priced out of work and therefore forced into the unenviable choice between the dole and a search for employment in the inferior secondary labour market.

To say that the non-unionised secondary market always "clears" is, as Minford recognises, a matter of method and definition. Let us suppose that, as in the Great Depression in the U.S. in the 1930s, the best way for an unemployed man to price himself into work is by selling shoe laces at the street corner (and not many of them at that because of the other shoe lace sellers' competition). Is it sensible or necessary to keep the dole below the level of shoelace takings to prevent people registering as unemployed? Would it not be better to tackle directly the causes of an absence of "real jobs"? For this reason I have much more sympathy with the Minford measures for subjecting labour monopoly to the full rigour of anti-monopoly law than for his dole limit.

Minford (and his lawyer associates) have three specific proposals on the union side. They are:

1—Any contract contingent on the union status of the employee would be invalidated. Closed shop agreements, explicit or implicit, would be "null and void."

2—Special immunities would be withdrawn from unions. Strikes would be subject to action for damages unless clauses authorising strikes were expressly written into collective agreements.

3—A Labour Monopolies Commission would investigate breaches of competition in labour markets—roughly on the lines of the Monopolies Commission.

Lawyers and industrial relations specialists will no doubt dispute the details. But there is still much to be said for them. The desirable role of unions is to protect individuals—especially the weaker and more vulnerable—against harsh treatment; to add "voice" to the somewhat feeble threat of "exit" among the weapons of the unfortunate, the bullied and the downtrodden. The proposed change should not reduce the union role here and may even enlarge it.

If the distribution of wealth and income resulting from a free labour market is unsatisfactory, the appropriate reform is to try to redistribute capital holdings (remember Barry Riley's and my North Sea equity for all)—not to try to rig pay rates in the market place.

A final thought on the unemployment trap and social security benefits. However unlikely it seems today, it is all too possible that a major economic upturn might not go very far before it ran into labour bottlenecks (side by side with continued unemployment) and rising increases in earnings. The new NIESR Review is as worried as Minford about this possibility. It happened in 1978-79 when unemployment was 1¼m to 1½m and it could happen now with unemployment at 3m. So anything which increased work incentives would enable the next upturn to proceed further (or more technically would lower the NAIRU).

Ways of cutting unemployment

I would therefore take what Minford might regard as the coward's way out and support the child benefit and tax thresholds proposals, but not the dole limit. These would, he believes, reduce unemployment by 400 to 500,000—surely not negligible. He puts the fiscal cost of these alone at £4bn (nearly £6bn before allowing for incentive effects).

His own package including the dole limit would, he believes, cut unemployment by 900,000 and would, as we have seen, cost less. But for the reasons given, it would be best to forego this promised extra impact and try to make up the same ground by proceeding with more fundamental changes in union and labour market law, custom and behaviour.

Lombard

Come back Opec all is forgiven

By Nicholas Colchester

THIS WEEK all eyes turned to Riyadh in the sustained illusion that the Opec ministers still have it in their power to make or break the oil price. Yet these ministers were not really arguing about price at all but about production volumes—about getting an adequate share of the action in a market over which they have lost control. The Opec reference prices are today like an old price list fluttering through the broken window of a closing-down sale.

It is buyers who are now making the oil price. They will decide how far it tumbles because the only short-term limit to the fall will be the buyers' perception that at such-and-such a level oil needs to be snapped up against a more expensive future.

In fact oil buyers have been making the price for some time. There is a strong case for saying that it was the buyers who drove the price of oil up to its 1979-80 peak in the wake of the Iranian revolution: they decided the price would go through the roof and so they decided to stockpile massively.

The habit of buying $34 oil died hard. The International Energy Agency played its part in keeping the consumers happy at this price. For the best motives it was consistently misleading about the short-term market prospects when it warned that any weakening of the oil price should not be taken for granted.

With the oil price at this high level Opec found itself firmly in the production sharing business and not in the price setting business. It tried and tried and ultimately failed to carve up its dwindling corner of the world's energy market. And with its failure the spot price developed rapidly as *THE* trading price of oil and not just a Cinderella upstaged by her doomed ugly sisters, the long-term contracts.

Now that the ascendancy of the customer has become so visible, what should Western Governments do about this unwonted — one even suspects unwanted — freedom of choice? In purely economic terms there is a case for enjoying the downward swoop of the roller coaster. Yet Mr Ted White, of Petroleum Economics, impressed a telling caveat upon me recently. Energy in all its forms is a strategic commodity, vital to modern life, for which there is no substitute. The cheaper oil becomes, the more it ousts competing forms of energy and becomes a strategic commodity in itself. This was the searing lesson of 1973.

The cost of reaping the benefits of a lower price for this most convenient form of energy is one of geopolitical risk. Mr White reckons that 75 per cent of the world's estimated oil reserves which cost less than $20 a barrel to recover are located in the Arabian Gulf, the USSR and China. This oil will supply our needs at a lower price, but does the West want to become dependent upon it? The erosion in the Middle East of the Pax Americana (an erosion which, paradoxically, undermined Opec's unity) argues against the West becoming too wedded to Gulf oil, let alone oil from the other two.

While western industries and consumers would like to enjoy the new energy ride, western governments will not want them to. France would seem an obvious example of a country that should revel in Opec's fall. Yet France has invested heavily in energy independence and will be loath to see its nuclear programme turned into a white elephant. Already it is clear that the French Government is not going to pass lower crude prices onto the consumer but will make up the difference in tax. It seems likely that the British consumer too will be "protected" from the delights of cheap fuel as the Government replaces a dwindling flow of revenue from the North Sea with higher taxes on energy consumption.

Tax, investment in alternative energy, a wobbly banking system and geo-political fears—these factors will propel western governments towards the interventionist, bureaucratic nightmare of arranging among themselves what, till now, was perversely provided courtesy of Opec.

Letters to the Editor

The Government's main economic achievement

From the Economics Partner, L. Messel and Co.

Sir,—In Lombard on February 21 Samuel Brittan argues that it would be futile to seek a balanced budget because of definitional problems. He emphasises three—the cyclical variation of the budgetary position, the scope for inflation adjustment to the public sector accounts and the treatment of capital expenditure.

In the last few years Mr Brittan has been an articulate and effective supporter of the Government's medium-term financial strategy. This strategy has involved gradual reductions in the ratio of the public sector borrowing requirement to gross domestic product. The result, that Britain now has the smallest budget deficit in relation to national income in the industrialised world, has contributed very significantly to the deceleration of money supply growth and to the slowdown of inflation. This has been the Government's main economic achievement.

Every one of the three objections to a balanced budget raised by Mr Brittan could equally well be directed against the medium-term financial strategy. Thus, the familiar argument that the PSBR should be allowed to rise in a recession, because of the effects of lower economic activity on tax revenues and unemployment benefits, could be used to criticise the MTFS. The essential purpose of the MTFS was to ensure that the PSBR declined year after year whatever the level of demand in the economy. Why did Mr Brittan not condemn the MTFS because of this difficulty if he believes that it is so awkward for a balanced budget proposal?

Again, Mr Brittan had no qualms about specifying the PSBR as the appropriate budget deficit concept for the MTFS, although it includes all capital expenditure by the public sector. But when he discusses a balanced budget he observes that "the most respectable peoples" believe that public capital expenditure can be "legitimately financed from borrowing." Are we to conclude that the MTFS was not respectable?

Mr Brittan now sees some relevance in adjusting the PSBR for inflation. But the MTFS always referred to the nominal PSBR, not the "real PSBR" (however that may be defined). Mr Brittan seems to think that the nominal PSBR was valid in the context of the MTFS, but that the real PSBR is right in assessing a balanced budget. How is the change of view to be justified?

The arguments Mr Brittan now uses to reject the idea of a balanced budget could have been advanced by him in 1980 in criticism of the MTFS. In fact, he was a keen advocate of the MFTS and it has been a great success.

Tim Congdon,
P.O. Box No. 521,
Winchester House,
100, Old Broad Street, EC2

Taking a tip can be costly

From Mr A. Shaw

Sir,—In the penultimate paragraph of "Taking a tip can be costly" (February 19) Mr Lawson compares tipping shares with tipping racehorses. Surely they are exactly the opposite?

You would keep quiet about a racing certainty so as not to lessen the odds. You tell everyone about a share to raise the price — the more buyers after your purchase the better.

A. Shaw.
11, Furzehill Crescent,
Halfway, Sheerness, Kent.

Credit insurance —definition

From the Managing Director, Credit and Guarantee Insurance

Sir,—May I refer to the article (February 19) about the insurance, available to individuals who borrow money, against misfortunes such as unemployment, accident and sickness. In the U.S. such cover is often termed "credit insurance" and, although the concept of the cover has crossed the Atlantic, it would be confusing if the term becomes part of business phraseology in our country.

In the UK, and in all the industrial countries of Europe, "credit insurance" relates to the protection of traders and manufacturers against bad debt losses directly caused due to the default of other commercial parties with whom they have a contractual relationship. The majority of transactions are underwritten in one or another form of customer default insurance. The second category is supplier default insurance. The established generic term for customer default and supplier default is "credit insurance."

Perhaps the American insurance companies concerned can be persuaded to market their services by using a name which exactly describes the cover they offer.

V. J. Fowler.
Credit and Guarantee Insurance Company,
Colonial House,
Mincing Lane, EC3

The mails must get through

From Mr M. Mitchell

Sir,—The absurd situation which arose over the ABP allotment letters highlights the nonsensical arrangement of dividing the mail into "first" and "second" class. This can only be done by employing people to sort and then hold on to the second in order to ensure that they arrive later—the cost of this extraneous operation being paid for by the premium on so-called first class mail. It is common experience that this by no means always occurs, and the most recent example of human error is highly unoriginal.

It is surely time that this was discontinued, since the sole objective of the Post Office is to deliver mail safely and in the minimum time. If we revert to the commonsense system it should soon be possible to actually reduce postal rates. As matters stand the PO ranks high as an inflation leader. Anyone found surplus to requirements from the sorting office could then be supplied with a bicycle and deliver the mail—on time.

M. R. S. Mitchell,
The Old House,
Aldham,
Nr. Colchester, Essex.

Destroying the drug fields

From Mr K. Cleary.

Sir,—Mr S. Taylor asks (February 18) why we cannot destroy drug peddlers' raw materials at source. We could, of course, for international agencies are quite aware of just where those drug growing areas are.

The problem lies in persuading national Governments to cut through the matrix of crime, corruption, peasant economy interests and foreign exchange self interest so that they can destroy the drug fields.

In a former career I was much involved in trying to combat drug traffic in South East Asia. I, and many other law enforcement officers in many other countries, failed of course. We were searching for Mr Taylor's thousands of needles in an impenetrable, grotesquely profitable drugs haystack. We continue to fail.

Kenneth Cleary.
Sunnycore, Cuckoo Lane,
Clanton Hill, Avon.

Building societies' boards

From the Chairman, Building Societies Members Association

Sir,—Mr Weir (February 15) makes a wrong assumption about my views. What I challenge is the routine pre-emption of the electoral process which occurs in those building societies where there are contested elections for seats on the board. Existing directors have the right and duty to recommend succession to the board, but that is only to guide and recommend.

"Casual" vacancies often occur in a far from casual manner. The essential question for answer by Mr Weir is why those candidates with board endorsement cannot stand in a normal election. If all is well within a society it should be rare for members to fly in the face of advice from the board, but democracy entails giving the members the chance to do so.

Mr Weir defends as "not unreasonable" the practice of requiring voters to use multiple votes and thus perhaps to be compelled to vote in favour of candidates whom they would oppose: "Plumping" in local elections is open to the same objection as Mr Weir expresses in the case of building society elections yet there seem to be no practical problems. At worst asterisks on ballot papers are an inducement to impulse voting which is surely not the method by which directors seek to be elected. Sometimes asterisks confuse by asserting as eligible for "re-election" those whose previous board service was by the invitation of the existing board. At best the attempt "merely to inform" members is superfluous since boards invariably make use of the directors' report to give this information. Surely a member may be expected to retain information from one paper to another, or in some cases from one side of the same piece of paper to the other?

May I commend to Mr Weir and his association the advice of the Electoral Reform Society on the use and effect of marks on ballot papers to denote particular candidates.

Mr Weir chose not to comment on the legalistic withholding of annual returns of societies from members until after annual meetings at which board members are elected. Perhaps he can enlighten readers as to the present policy of the building societies association in this matter.

C. F. J. Punt,
Building Societies Members Association,
107 Pilton Street, Barnstaple, N. Devon.

FINANCIAL TIMES

Thursday February 24 1983

COMPANIES REFILE FOR PROTECTION

New U.S. move on Japanese steel

BY PAUL TAYLOR IN NEW YORK

THE AMERICAN Iron and Steel Institute (AISI) and eight major U.S. steel companies yesterday refiled a petition seeking protection against Japanese steel imports.

The AISI and the major U.S. steelmakers had withdrawn the Section 301 petition, at the end of last month, which was originally filed on December 18, in order to give Mr William Brock, the U.S. trade representative, time to try and negotiate a voluntary limit on steel shipments from Japan.

Under the terms of the petition the U.S. steelmakers are seeking to restrict Japanese steel imports by 1.75m tons a year – about a third of current imports from Japan for four years together with other restrictions, including a 25 per cent import levy on Japanese imports to reflect the undervaluation of the yen.

Mr David Roderick, chairman of the institute, said, "the refiling action has been taken reluctantly in view of the good faith efforts of ambassador Brock and the Japanese Government to resolve the matter."

However, he said: "It is quite clear to us that past injury and future injury are not going to be avoided by well-meaning but vague words. We believe a more definitive understanding removing all harmful, unfair trade abuses, is vital to the well being of the domestic industry."

He expressed optimism that a review of the petition would result in an "equitable settlement" of the industry's grievances.

Under the terms of the agreement between the Institute and Mr Brock which led to the withdrawal of the petition the trade representative promised that if the petition was refiled he would decide by the end of this month whether to actually investigate the charges of unfair trade practices.

The eight steel companies which are supporting the petition are Armco, Bethlehem Steel, Cyclops Corp, Inland Steel, Jones and Laughlin Steel, National Steel, Republic Steel and U.S. Steel.

The original petition was filed following an agreement last year with European Steelmakers under which the European producers agreed to redure exports to the U.S. by about 1m tons a year from about 6.5m tons.

The U.S. Steel companies have claimed that Japanese companies have been offloading about 1.75m tons of steel onto the U.S. market a year that would otherwise have gone to the European market had it not been for an agreement reached between Europe and Japan four years ago.

Two weeks ago the U.S. International Trade Commission ruled that Sumitomo Metal Industries exported goods to the U.S. at unfairly low prices under an anti-dumping investigation.

Last year, the U.S. imported about 5.185m tons of steel from Japan, down from 8.22m tons in 1981. However imports have been taking an increasing large share of the depressed U.S. market with total imports reaching a market

Employers angry over UK water workers' pay deal

By Philip Bassett and Peter Riddell in London

THE UK Government and employers' organisations responded furiously yesterday to the water workers' pay deal, which increases average earnings by 10 per cent. At the same time jubilant union leaders, buoyed up by the outcome of the 4½ week strike, gave fresh warnings of new industrial trouble.

Led by Mrs Margaret Thatcher, the Prime Minister, the Government attempted to play down the size of the increase awarded on the basis of the findings of the Johnston committee of inquiry, and warned that it would lead to job losses.

The Prime Minister and Mr Tom King, the Environment Secretary, both yesterday made plain that the total rise was far too high. They warned that there should be no increase in water rates and charges for customers and the increased cost should be found from economies in operating and manpower expenses.

There is also considerable irritation among ministers about the way the commission of inquiry operated which, it is felt, was not an independent assessment but negotiations at second hand.

In a speech to the Institute of Directors, Mrs Thatcher stressed that the inquiry had rejected the unions' claim for comparability with gas and electricity workers, the the final increase was less than claimed by the unions, and that the union members would take two to three years to recoup pay lost during the strike.

During her speech, Mrs Thatcher delivered a strong attack on the abuse of power in public monopolies, arguing that large wage increases meant fewer jobs. "It is no good the unions demonstrating against unemployment if by their deeds they are helping to cause it."

In the House of Commons, Mr King, attacked the deal as "far too high – significantly above the rate of inflation and more than can be justified."

Sir Terence Beckett, director-general of the Confederation of British Industry, said the deal was "well out of line with settlements elsewhere in the UK and well above the settlements being made by our principal overseas rivals."

Describing it as the product of "out-moded, self-centred type of trade unionism based on comparability and leapfrogging," he insisted it would only result in more unemployment.

Mr Rodney Bickerstaff, general secretary of the National Union of Public Employees, described the water deal as a "breakthrough."

Anger over size of award, Page 8; pay strategy springs a leak, Editorial comment, Page 18

THE LEX COLUMN

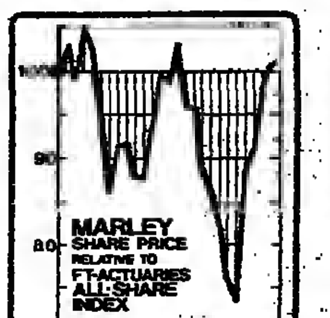
Currencies ride an Opec switchback

The prospects for Opec are now dominating movements in international markets, with swings on each fresh piece of news – or speculation – coming over on the ticker tape from the Middle East. The uncertainty seems set to continue until at least the outcome of next week's meeting of oil ministers. Indications of Saudi determination to hold the cartel together were enough to throw currency markets into reverse in the afternoon. The dollar lost most of its sharp morning gains, while the pressure came off sterling.

At one point sterling touched an all-time low of $1.5125, but by the close the trade-weighted index had recouped nearly all Tuesday's decline. Gilt-edged also took encouragment, and reclaimed earlier falls to end a ¼ point higher at the long end. By contrast, gold failed to recover its equilibrium, falling a further $15.5 to $472.5 in London, for a two-day decline of $32.

The collapse of the gold price has carried commodities down with it, undermining the recovery in base metal prices and knocking back both the Australian and Canadian mining stock indices. The fundamentals of the situation may not really have changed: indeed, lower oil prices suggest an even stronger recovery in demand for other commodities than the market had been expecting. But significant speculative positions have been built up in several metals, which are being stockpiled rather than pushed through to end users, and the nervousness over gold has been enough to shake out marginal holders in base metals.

Marley



Marley has done itself no favours by switching to a December year-end after one of the hardest winters on record. It has reported a 14 month period which incorporates pre-tax profits of just £1.1m for the half-year to April 30 last year as well as a break-even patch in November/December 1982.

The result is a one-third drop in pre-tax profits from £15.1m in the 1980-81 fiscal year to £10.1m despite a 27 per cent jump in sales. The accounting shift has also helped cut reported UK trading margins from 9.1 per cent in the second half of 1980-81 to 8.6 per cent in the latter, extended period of 1981/2.

Above all, accounting changes have heaped up more interest costs, up from £12.9m to £16.5m on net borrowings which now stand at £93m, and more losses from the U.S. subsidiary, which had an even worse winter than the UK businesses.

Reinforced by losses in Canada, the North American operations probably lost a little over £4m, exacerbated by the stronger dollar, and this lies behind the £3.3m fall in reported overseas profits, to £8.4m.

Whatever the future of its foreign subsidiaries, Marley seems committed to some consolidation of its proliferating UK building businesses. Not traditionally much of a stickler for housekeeping chores, it has recently spent £1½m on rationalising the group to reduce its capital needs and has even appointed a finance director to its board this year.

Further steps in line with the PVC joint venture with ICI can be expected and Marley must be wondering again about the sale-and-leaseback potential for its freehold DIY stores which have earned only £1½m on revenues of £55m. After 1982's disappointments, though, hopes for this year are easily contained and the shares closed unchanged at 57p.

Johnson Matthey

Johnson Matthey can usually rely on a buoyant third quarter, but this year it has been caught in the stranglehold of the U.S. recession. At £10.5m, pre-tax profits for the three months to last December are marginally down on the previous quarter, and almost 12 per cent below last year's outturn. Despite the present activity in the gold market, it now looks as though the group will be struggling to surpass 1980's profits of £38.6m, and the shares lost 7p yesterday to 298p.

The results have been cushioned by the banking and metals dealing business, but that only seems to emphasise the pressures over much of the rest of the group. The jewellery diversification in the U.S. has still not proved itself, and at the end of the all-important Christmas selling season the company was left with piles of returned stock. Volume in the colours and transfer business is well down on last year, metals fabrication in the UK is still in the doldrums, and while the autocatalyst side is picking up with the recovery of U.S. demand, the market remains slack.

Johnson's heavy capital investment programme, and the build up of more expensive precious metal stocks, not least in the jewellery division, have also pushed up borrowings sharply. Interest charges in the first nine months emerged at £5.9m against £1.8m. By the end of the financial year, debt should come down as jewellery stocks are cut back. But with the depreciation charge also rising, Johnson needs to show that it is making its expanded assets work, and a prospective p/e of around 20 looks demanding, even in today's markets.

Superdrug

The Government's embarrassment last week over the underpricing of ABP fades away in the light of Superdrug's take-off. In spite of an aggressive issue price of 175p, the stock shot to a peak of 300p before closing at 270p, a premium of 54 per cent. In contrast with ABP, where the level of over-subscription did not fully translate into underlying demand, there seems to have been some determined institutional buying of Superdrug.

The jobbers have chased up prices of new stocks on opening day often enough now to have learnt their lesson. They were aware of the weight of broker's buying orders and set the initial price high enough to allow the stock to ease back. At 270p, Superdrug is valued at about 38 times fully-taxed earnings, which compares with 25 for Habitat and perhaps 27 for Sainsbury, the established stars.

Scarcity of stock and Superdrug's earlier stage of development are only partial explanations for the different basis on which the shares have priced. The heady state of the market must account for a good proportion of the premium. But whereas Rite Aid – with 28 per cent of the stock – may previously have been considered a potential bidder for the rest, at this valuation the temptation to sell out instead must have grown appreciably.

Rolm sues Plessey on software technology copyright

By Jason Crisp in London and Richard Lambert in New York

ROLM Corporation, the California-based computer and telecommunications company, is suing Britain's Plessey for the alleged misuse of Rolm technology and copyrighted software.

At the centre of the dispute is Plessey Telecommunications' new large digital private telephone exchange, the IDX, which was launched last month. Rolm has charged that Plessey used the U.S. company's technology to develop the IDX.

In an action filed in the U.S. District Court for the Northern District of California Rolm said that Plessey had benefited as a licensee of its technology and software under agreements entered into during 1976 and 1977 which expired on February 15 this year.

The relief requested by Rolm includes an injunction prohibiting Plessey from selling the IDX, damages for any sales it might make and $100m in exemplary or punitive damages.

Under the 1976 licence, Plessey adapted Rolm's CBX exchange for the UK market which was sold as the PDX. Plessey has held the largest share of the UK market for large business telephone exchanges with more than 100 lines with its PDX.

Plessey yesterday emphatically denied that any of Rolm's technology had been used in the new IDX exchange which has now superceded the PDX. Plessey wants to sell the IDX on international markets especially in the U.S.

Under the original licence for the PDX Plessey was restricted to the UK. Plessey is thought to have tried to reach an agreement with Rolm on the new exchange to save on development costs. The deal foundered because Rolm continued to insist on restricting Plessey to the UK. The new exchange was a totally new design says Plessey.

Plessey, which spent over £5m ($7.55m) developing the IDX, wants to launch it in the U.S. some time next year. Plessey is now expected to make a counterclaim against Rolm under anti-trust laws.

Rolm is a successful U.S. company founded in 1969 and makes rugged computer equipment for military use. In 1975 it launched its CBX digital exchange. Last year it was the second largest supplier of PABX's (private automatic branch exchanges) to the U.S. market after AT & T. According to the Yankee Group, the U.S. consultants, it had over 11 per cent of the U.S. market.

Cyprus to accuse Polly Peck of 'exploiting seized assets'

BY RAY MAUGHAM AND DAVID TONGE IN LONDON

THE CYPRUS government yesterday took the first step in a campaign against Polly Peck, the fruit packing and trading company which has recently been a star performer on the London stock exchange.

Mr Antonios Vakis, Deputy High Commissioner of Cyprus, warned the UK Foreign Office yesterday that the Greek Cypriots will accuse Polly Peck of assisting in the exploiting of sequestered Greek Cypriot property.

Cyprus intends to ask the European Commission of Human Rights on March 7 to include Polly Peck's activities in Cyprus's case accusing Turkey of violating the European Convention of Human Rights after it invaded the island in 1974.

The Greek Cypriots have long objected to Turkish Cypriot use of Greek Cypriot assets abandoned when almost one third of the island's 650,000 population had to flee their homes.

The Cyprus High Commission said yesterday it was investigating whether Polly Peck and an associated company, Wear Well, had provided shareholders with all the information they were entitled to expect under the 1967 Companies Act.

The Cypriots say the last accounts presented by Polly Peck were misleading in claiming that it had to tax liabilities to the Turkish Cypriot authorities.

On February 11 a court hearing was held in northern Cyprus over a TL 185m ($941,000) bill for tax and interest presented to Polly Peck.

The Turkish Cypriot cabinet has recently been split over whether to grant Polly Peck a tax exemption reportedly promised by some Turkish Cypriot leaders. Several cabinet members have objected to retroactive legislation.

Polly Peck, which is controlled by Mr Asil Nadir, a Turkish Cypriot businessman, operates largely in the Morphou area of Cyprus seized by Turkish troops in 1974.

In the year to last August Polly Peck made pre-tax profits of £8.8m ($13.4m) out of sales of £21m, and Messel, the stockbrokers, forecast it will make profits of £25m this year and £45m the year after.

In the past three years Polly Peck's share price has soared from 9p to hit a recent peak of £38. It was quoted yesterday at £31, down 50p.

The recent rise has been helped by the news that Polly Peck had reached an agreement in principle with Thorn-EMI to make television sets and video recorders for sale in Turkey and the Middle East. No final decision has yet been made on whether to proceed with the project.

Mr Nadir yesterday dismissed as "totally futile," the factionalism which has prompted the new Greek Cypriot campaign.

As for the assurance given to shareholders in the preliminary statement of results last year, in the annual accounts and at the subsequent general meeting, that Polly Peck had no foreseeable mainstream tax liability in northern Cyprus, he said the tax forecasts had been made on the definition of Famagusta's status as a free port, incurring neither taxes, duties nor excise.

Moreover, he expected to hear within about a week that the cabinet and the Turkish Cypriot federated assembly had ruled against retrospective taxation for occupants of the free port area.

He also stressed: "Within six months at the outside, Cyprus will have a totally immaterial effect on Polly Peck by way of either profitability or activities." He noted, for example, that "we have 1.25m tonnes of citrus fruit on the Turkish mainland" and Polly Peck plans new packing facilities to handle the crop.

Norway to reduce ships' crews

OSLO – New rules allowing considerably reduced manning on Norwegian merchant ships have been approved by Sjoefartsdirektoratet, the Government's shipping agency.

The rules, being introduced next Tuesday, have been welcomed by the shipowners but are sharply criticised by the Norwegian seamen's union as "completely irresponsible and unnecessary."

They allow ships above 50,000 gross tons to reduce crews by up to eight people and ships of less than 50,000 gross tons to reduce them by five or six.

The shipping agency said the rules were adopted because great technical advances have been made in the merchant fleet in recent years and the crew can now perform many functions both in the engine room and on deck.

The agency does not expect employment in the merchant fleet will be reduced. Many ships had already obtained exemptions from the present rules.

Mr Henry Aasaroed, the union chairman, has warned the rules can reduce the number of jobs by 4,000.

He was quoted by Oslo newspapers as saying his union wants to discuss the rules with seamen's unions in other countries.

He said the union will consider industrial action against the rules – possibly an international boycott and blockade of Norwegian ships.

Hectic start to Superdrug dealings

Continued from Page 1

The opening price was way above all predictions. One dealer explained: "It may have looked too high, but just before dealings began it appeared there were no sellers whatsoever, and an awful lot of institutional buyers."

On a dull day generally in the market, Superdrug's shares closed at 270p, though at one point they touched 300p, and one dealer reported buyers at 305p.

About 60 per cent of the 8.8m shares available in the market are believed to have changed hands yesterday.

Until Superdrug came to the market the Pennsylvania-based Rite Aid Corporation owned 42.5 per cent of the Superdrug equity. At one time it tried to buy out Superdrug completely but reduced its stake to 28 per cent when Superdrug went public.

Yesterday Mr Alex Grass, Rite Aid's president and still a Superdrug director said: "Maybe we left too much on the table. It now appears that we misjudged the market, but the phenomenal level of support for the shares could hardly have been anticipated."

Mr Grass added that Rite Aid had no intention of either increasing or reducing its stake but added: "There is nothing certain in life except death and taxes."

Mr Godfrey Pond, of Superdrug's bankers, Baring Brothers, said: "Did we wildly underprice it? I don't think so, but the market likes them, doesn't it?"

HOW NEW ISSUES HAVE FARED

Company	Date	Offer price (p)	Close 1st day (p)	Premium/discount (%)	Close 23.2.83 (p)
	1982				
Amersham Intl	Feb	142	193	+35.9	265
Associated Heat	May	250**	275	+10.0	276
Electro-Protective	May	87.5	96	+ 9.7	205
Oriflame Intl	May	600	640	+ 6.7	840
Bairstow Eves	May	46	51	+10.9	99
Multitone Electronics	July	142**	162	+14.1	165
Intl Signal & Control	Oct	155	204	+31.6	262
Britoil	Nov	215*	81	−19.0†	45
	1983				
Assoc. Brit. Ports	Feb	112	138	+23.2	141
Superdrug Stores	Feb	175	270	+54.3	270

* Minimum tender price on partly paid shares ** Striking price on tender offer † Calculated on first payment of 100p

IBM and Mitel in talks on UK exchange plant

Continued from Page 1

to establish a joint venture to develop and make information-processing systems in Japan.

Mitel supplies PABXs to British Telecom, ICL and Norton Communications in the UK. It had about 6.5 per cent of the U.S. PABX market last year and is also active in several European countries and the Middle East.

IBM yesterday described reports that it planned to have PABXs made by Mitel at Newport as "speculative." This is the company's normal response to reports about its future plans. Mitel declined to comment.

Meanwhile, IBM's U.K. subsidiary reported a 40 per cent increase in its pre-tax profit to £225m for the year to December 31, compared with £181m in 1981. Turnover rose by 24 per cent to £1.24bn (£1bn).

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	12	54	Dubrovnik	S	4	39	Malaga	C	14	57	Salzburg	S	-3	30
Akrotiri	F	15	59	Faro	C	14	57	Malta	F	11	52	Seoul	F	5	41
Algiers	F	18	64	Florence	S	6	43	Manila	S	31	88	Singapore	S	33	91
Amsterdam	S	2	36	Frankfurt	F	1	34	Miami	S	24	75	Stockholm	S	2	36
Athens	C	3	37	Funchal	F	17	63	Milan	F	3	37	Strasbourg	S	1	34
Bahrain	F	18	65	Geneva	C	-0	32	Moscow	S	-8	18	Sydney	C	29	84
Bangkok	S	32	90	Gibraltar	C	15	59	Munich	S	-3	27	Taipei	S	18	64
Barcelona	[illegible]	10	50	Guernsey	R	4	39	Nairobi	—	—	—	Tangier	F	19	66
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Tehran	[illegible]	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17	63
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	22	72
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Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Opec to seek unity on prices

Continued from Page 1

their prices to a greater extent than they would have accepted within Opec."

He said: "Contacts will be undertaken over the coming days with Mexico and the North Sea countries to co-ordinate positions." He thought the Opec meeting would he held in Geneva or Vienna.

Dr Humberto Calderon Berti, Venezuelan Oil Minister, is on his way to Riyadh from Mexico where he attempted to persuade the Government to delay the price cuts scheduled to be announced tomorrow.

Mr Kamal Hassan Maghour, Libyan Oil Minister, arrived in Riyadh after two days of talks with Algeria and Iran in Geneva. Talks are continuing between Algeria and Iran in what appears to be a final attempt to persuade the Tehran Government to accept production quotas and abide by Opec pricing agreements.

Mrs Margaret Thatcher, British Prime Minister, said yesterday a modest fall in the oil price would be good for the U.K., but a large and sudden decline could be harmful to the world financial system.

In London, oil companies' share prices rallied at the end of the day on the news that Opec might be reaching a settlement on pricing.

British Petroleum, which has tumbled 24p since Monday, rose from 292p to close at 300p. The partly-paid shares of Britoil had dropped to a record low of 41p in the day but regained to close at 45p. Ultramar took the steepest fall, losing 13p to close at 457p, close to its opening price on Monday of 500p.

British National Oil Corporation confirmed yesterday that Britain's North Sea production was running at a peak of about 2.3m b/d, compared with 1.9m b/d two years ago. Total North Sea output is now 2.9m b/d.

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FINANCIAL TIMES

Thursday February 24 1983

Second U.S. cable venture to collapse

By Our New York Correspondent

A SECOND major cable television venture in the U.S. is to fold after only nine months of operations. The Entertainment Channel, a joint venture of RCA and Rockefeller Centre Cable, which has close links with the British Broadcasting Corporation (BBC), is to close at the end of next month, having failed to find enough subscribers willing to pay for its service.

Last autumn, CBS abandoned its ambitious Cultural Cable TV service after losses estimated at $50m. The CBS system was paid for by advertisers, whereas the Entertainment Channel required viewers to pay a monthly charge of $8 to $12.

Mr Arthur Taylor, chairman of Entertainment Channel, said that the marketplace for pay TV services was developing much more slowly than anyone had anticipated.

Since its introduction last June, the channel has been launched in 84 cable systems, going to about 2.5m homes, but it is thought to have attracted only about 50,000 subscribers.

The channel has lost over $30m for its owners.

Mr Taylor plans to replace the channel with a new advertiser-suported basic cable service this spring. He said he expected to retain the long-term relationships with the BBC and the RKO and Nederlander organisations as programming sources for the new system.

Braun raises profit after restructuring

By John Davies in Frankfurt

BRAUN, the West German electrical appliance manufacturer owned by Gillette of the U.S., increased its net profit to *DM 14.7m ($6.1m)* in the year to last September 30, compared with a profit of DM 900,000 in the previous year. The improvement reflected an extensive restructuring of the product range, much of the cost of which fell in the previous year.

Group sales edged down 0.5 per cent to DM 984m, with exports contributing 71 per cent of this figure.

Braun has been *phasing out hi-fi* and photographic products and concentrating on electric razors, hair driers and other personal and household items. Leaving aside hi-fi and photographic lines, group sales went up by *3.6 per cent.*

World recession and foreign currency losses depressed group results, Braun said, and this situation is unlikely to change in the immediate future.

The group invested DM 48m last year, slightly more than in the previous year.

Orenstein and Koppel reduces loss

By James Buchan in Bonn

ORENSTEIN und Koppel, the West German engineering concern, managed significantly to reduce its 1981 losses last year and will draw on its reserves to report a balanced result.

O and K, which *lost DM 46.9m* ($19.6m) on sales of DM 1.0bn in 1981, was badly hit by weak demand for its main products, heavy construction machinery. Despite a revival at the end of the year, thanks to the *Government's temporary* investment bonus, orders booked at home dropped 28 per cent to DM 400m while foreign orders fell 8 per cent to DM 530m. However, the revival in home orders and new orders from abroad allowed the concern to start 1983 with orders in hand up 2 per cent.

Saint Gobain to issue participatory certificates

BY DAVID MARSH IN PARIS

SAINT GOBAIN, the French state-owned industrial conglomerate, is expected to be the first company to raise funds on the capital market through the new government-sponsored "participatory certificates."

The company hopes to launch an issue, perhaps for about FFr 700m to FFr 750m ($102m to $109m) in the second half of March, although many details have still to be decided.

Designed for private investors, the certificates will be halfway between a fixed-interest non-repay*able bond and* a *non-voting* share. They will offer a yield based partly on the average interest rates on the Paris bond market and partly on an element of the company's coosolidated accounts such as its net prof*its or self-financing* capacity.

Under the Government's plan to allow total capital injections of just more than FFr 20bn for the main nationalised companies in the competitive industrial sector this year, Renault, Compagnie Générale d'Electricité, Rhône Poulenc and Thomson-Brandt are all planning to make issues in coming months. The total amount is expected to be about FFr 3bn, according to government officials.

These companies are mainly the more profitable nationalised groups which will receive little or no direct capital aid from the state this year *but which have a fairly good "image"* on the capital markets.

The main question mark hangs over Thomson-Brandt, which slid into large loss last year and, like Cii Honeywell Bull, the state computer *company, does not expect to be out* of the red until 1988 at the earliest.

The "participatory certificates", will be used by the Finance Minis*try as part of the overall reform of* the French savings system propounded by M Jacques Delors, Finance Minister.

They are designed to plug a strategic gap opened up in industri*al financing by the complete nation*alisation of key private-sector groups last year. This cut off their ability to raise funds from shareholders which would have been welcome in the light of the state's inability to come up with sufficient funds to finance the companies' losses and investment programmes.

The Saint Gobain issue will not go ahead until the law establishing the new type of savings instrument *is formally passed. This is expected* within the next few weeks.

Philips U.S. deal complete

BY WALTER ELLIS IN AMSTERDAM

NORTH AMERICAN Philips has completed its purchase of the lamp business of Westinghouse Electric in the U.S. and Mexico. At the same time, Philips Electronics, Canada, has bought Westinghouse's lamps division in Canada.

The two deals have cost Philips a total of $200m, to be paid in cash and notes.

The deal was completed only after initial objections by the Justice Department which had urged Westinghouse to find an alternative buyer. Terms had been agreed between Philips and Westinghouse last September.

The purchases, which also grant Philips the right to use the Westinghouse trademark for seven years, will give the Dutch-based electronics group control of 10 additional plants in the U.S., two in Canada and one in Mexico.

In the US., the former Westinghuse plants employ some 6,000 workers, engaged in the manufacture of a wide variety of light bulbs for the consumer, industrial, commercial and vehicle markets. A further 750 workers are employed in the Canadian acquisitions and several hundred in Mexico.

North American Philips is 61.5 per cent owned by the United States Philips Trust, of which Philips shareholders are beneficiaries. The company had sales in 1981 of $3bn, and a growth of some 15 per cent is expected following the latest takeovers.

Philips Electronics is part of Philips Canada, itself 80 per cent controlled by Philips NV of the Netherlands.

The Westinghouse deals represent the fourth major North American expansion by Philips in receot years. In 1974, Magnavox was acquired. Signetics followed in 1975, and last year the consumer electronics division of General Telephone and Electronics was taken over.

Cary hands over IBM top post

BY OUR NEW YORK STAFF

MR FRANK T. CARY, chairman of International Business Machines (IBM) for the past 10 years, has handed over the chairmanship of the U.S. computer and office products giant to Mr John Opel, IBM's president and chief executive.

Mr Opel will retain his position as chief executive while Mr Cary will remain a member of IBM's corporate office, the body that provides overall direction to the company, and chairman of the executive committee of the board.

Mr Cary, commenting on his resignation, said: "We have a great management team in place, very capably led by John Opel. The company has just completed a record-breaking year and is meeting all its goals." Last month IBM announced earnings for 1982 up 22 per ceot at $4.4bn on revenues of $34.36bn.

In a series of other promotions following Mr Cary's resignation, IBM's board of directors also elected Mr John Akers to the board and to the position of president.

Mr Paul Rizzo, already a member of the board of directors and of the corporate office, was elected vice-chairman.

Mr Opel, commenting on the management changes, said: "Frank Cary set the IBM company on course for today's successes and tomorrow's opportunities. John Akers and Paul Rizzo have brought extraordinary skill and judgement to their responsibilities. I am delighted the board has given them this added vote of confidence."

The management changes appear *to have taken the industry by surprise.*

Jobs go as Atari shifts output to Far East

BY RICHARD LAMBERT IN NEW YORK

ATARI, the *leading U.S. maker of* video games and a major supplier of home computers, plans to shift most of its manufacturing operations to Hong Kong and Taiwan to reduce its production costs, as reported in later editions yesterday.

The Californian-based company plans to make redundant about 1,700 people in its home computer division and consumer products group. Manufacturing for these two divisions will be consolidated in the Far East, where Atari makes consumer electronic products.

The decision follows an unexpected and serious fall in Atari's profits in the fourth quarter of 1982, which sent the shares of Warner Communications, its parent company, into a nosedive on the stock market when it was foreshadowed in December.

Warner added that the combination of excess retail stocks of game cartridges and an increasingly competitive market place would cause its earnings in the first half of this fiscal year to fall far below last year's level.

Earnings up by 10.9% at Kellogg

By Our Financial Staff

KELLOGG, the leading U.S. producer of ready-to-eat cereals, continued its steady earnings growth in 1982.

Net earnings for the year rose 10.9 per cent to $227.8m *from* $205.4m in 1981. Earnings per share were slightly ahead of estimates at $2.98 against $2.69. Sales edged ahead from $2.32bn to $2.37bn.

The fourth quarter contributed $43.8m, or 57 cents a share, compared with $38.7m, or 48 cents, in 1981, while sales dipped to $541.3m from $546.9m.

Conrail earnings ahead

BY OUR NEW YORK STAFF

CONRAIL, the U.S. Government-owned railway system which operates 24,000 kilometres of track in *the North-East and Mid-West*, yesterday reported a net income of $54.6m in the fourth quarter, but after special gains reached $63.5m.

The fourth-quarter net earnings compare with a net income of $26.4m in the 1981 quarter on revenues which fell from $1bn to $843m.

The sharp improvement in net income reflects a $19.4m gain from the sale of tax benefits in the latest quarter together with $44.1m from the *settlemant of accounts* due *from* commuter authorities.

Conrail reported a net full-year income of $174.2m oo revenues of $3.6bn compared with $39.2m on revenues of $4.2bn in 1981. The 1982 results include the $44.1m gain together with $91m from the sale of tax benefits.

ET proves big boost for MCA

By Our Financial Staff

STEPHEN SPIELBERG'S latest film, ET – The Extraterrestrial, helped MCA, the U.S. leisure and entertainments company, almost to double earnings for 1982.

Net earnings for the year rose from $89.6m, or $1.88 a share, to $176.2m, or $3.69, on revenues of $1.59bn against $1.33bn in 1981.

Warner Lambert improves slightly

By Paul Taylor in New York

WARNER-LAMBERT, the U.S. health-care company which has been undergoing a major restructuring, yesterday reported slightly improved fourth-quarter earnings.

Net income in the fourth quarter increased to $42m, or 53 cents a share, from $41m, or 52 cents, on sales which declined to $751m from $835m. Excluding the effects of unfavourable exchange-rate changes and divestitures, the company said sales were np 18 per cent.

Warner-Lambert reported full-year net income of $175m, or $2.20 a share, compared with $9.2m, or 12 cents, in 1981, when non-recurring special charges equal to $1.68 a share were taken in connection with corporate restructuring and the sale of some of the company's business units.

The 1982 results include a 15 cents-a-share special gain, mainly reflecting the sale of Entenmann's, the speciality baker, to General Foods in November for about $315m in cash.

Warner-Lambert said worldwide *sales* last year were $3.2m, compared with $3.4m in 1981. Excluding the effect of foreign currency fluctuations and divestitures, sales from continuing operations increased by 12 per cent.

The company said foreign currency translation losses charged to income in 1982 totalled $54m, or 64 cents a share, of which 49 cents a share was attributable to the devaluations of the Mexican Peso.

The company also said that the latest full-year results include $34m representing four months of sales of Imed Corporation, a leading manufacturer of intravenous infusion systems, which was acquired in August.

Operating earnings, which exclude currency losses, divested businesses and Imed, increased by 10 per cent to $2.79 a share from $2.53 a share.

Gallagher to resign as Dome Petroleum chief

BY NICHOLAS HIRST IN TORONTO

MR JACK GALLAGHER is to resign as chief executive of Dome Petroleum, the troubled Calgary-based flagship of the Canadian oil and gas industry which is negotiating a C$1bn ($819m) rescue package with four large Canadian banks and the federal Government.

Dome said yesterday that 66-year old Mr Gallagher, who helped found the company in 1950, had expressed a wish to retire as chief executive at either the annual meeting or the special meeting of shareholders to be called to agree the rescue package in the second half of the year.

He has not decided yet whether to give up the chairmanship. "A decision on whether he should continue will be made by the board in due course," Mr Douglas Evans, director of public affairs for Dome said. Mr Gallagher also has to decide whether to resign as chairman of Dome Canada, the Canadian exploration and developmant company which is 48 per cent owned by Dome Petroleum.

Mr Gallagher has asked the board to appoint a committee to seek a successor.

Under the terms of the rescue package, agreed in principle in September, the banks and the federal Government took the right of appointing members to the board. But that agreement is not yet in effect and has ancountered strong opposition from shareholders who have complained at the terms.

Mr Gallagher has decided to resign as chief executive of his own accord. Mr Evans said: "The decision has not been prompted or requested by the Government or Dome's lenders."

Mr Gallagher had indicated two *years ago* that he wished to retire as chief executive but deferred his leaving to help resolve Dome's problems. With the rescue agreement closer to resolution, and continued signs of the company regaining its strength, Mr Gallagher had decided now is the time to fix a firm date.

Repayment of C$1.4bn owed by Dome to the Canadian Imperial Bank of Commerce, the Toronto Dominion, the Royal Bank and the Bank of Montreal has been extended twice as rescue negotiations have continued. It is due again on Monday.

The company will not say whether it will be extended again. But as the banks have kept the company afloat so far they are not expected to precipitate a collapse. Dome's total debt is more than C$7bn.

Mr Gallagher's decision to retire does not have any immediate effect on Mr William Richards, Dome's president, who for many years was considered the heir apparent for the top job. He will be among those considered for the chief executive post, Mr Evans said.

Mr Gallagher has beeo one of the most important figures in Canadian energy over the last two decades. He was appointed president of Dome Petroleum in 1953 and became chairman and chief executive in 1974. He took Dome into exploration in the Arctic Beaufort Sea and on the back of the National Energy Programme led Dome into its C$4bn acquisition of Hudson's Bay Oil and Gas.

That acquisition was funded principally by debt

Goodrich tumbles into the red

BY OUR FINANCIAL STAFF

B. F. GOODRICH, the fourth largest U.S. tyre maker with interests in chemicals, plastics and industrial products, fell sharply into the red last year after heavy restructuring charges and other extraordinary items.

The company yesterday reported a fourth-quarter net loss of $33.7m, or $2.05 a share, compared with a $32.4m profit, or $1.89 in 1981. Sales fell from $753.5m to $687.8m.

Full-year net loss was $32.8m, or $2.43 a share, against a $109.5m profit, or $5.75 in 1981. Sales were down to $3bn from $3.2bn.

The 1982 result includes a $19.9m after-tax provision for restructuring of industrial products and other operations, and an $11.3m loss related to a decrease in equity interest in two Mexican associates affected by devaluation of the peso.

However, there were gains of $17.5m from partial liquidation from Lifo inventories, $11.7m from pension fund investment changes and $4.4m from sale of a Texas chemical plant.

Net income for 1981 had included an $18m extraordinary gain for exchange of preferred stock for debentures, $27.4m from sale of tax benefits, and $22m from divestments.

Mr John Dong, chairman and chief executive, said last autumn the company's chemicals and engineering products groups had been hit hard by the recession, but the tyre group was doing relatively well.

The company is the largest U.S. producer of polyvinyl chloride (PVC) resins and compounds. Demand for PVC, used in items from hose and belting to truck tyres, has been depressed.

- Firestone Tire and Rubber, the U.S. tyre company, said it was to expand its nationwide car tyre and service centres by signing leases on about 300 outlets operated currently by J. C. Penney, the U.S. retailing group.

J. C. Penney, the second largest U.S. retail store group, announced this month that, as part of a $1bn five-year departmeot store reorganisation, it planned to close its remaining 434 automotive centres by the end of this year.

Asset growth of Swiss banks tails off

BY JOHN WICKS IN ZURICH

THE COMBINED balance sheet total of 71 leading Swiss banks which report monthly to the country's National Bank *grew* by 7.9 per cent during 1982 to some SwFr 462.5bn ($228.8bn).

This growth rate, which is due partially to a rise in the dollar in the Swiss francs terms, is well below the 14.6 per cent increase recorded for the previous year. However, the 1981 figure had resulted in part from the introduction of precious metal accounts into banks' balance for the first time.

There was a sharp decline last year in the growth in credit demand, mainly as a result of the recession. Domestic credit volumes rose by only 3.9 per cent compared with 10.6 per cent in 1981, with the expansion coming almost solely in the mortgage sector. There was a small increase in loans and advances to public authorities and the banks report a noticeable drop in commercial loans and building credit.

In the foreign sector, the National Bank draws attention to "continued caution" with regard to new loans. A 5.2 per cent increase in the foreign credit volume was due to the higher dollar. While Swiss franc credits declined by 15.4 per cent, loans in foreign currencies increased by 15.4 per cent over the year.

Clients' deposits rose by 12.7 per cent compared with 7.6 per cent in 1981. This was due to an influx of overseas funds which accounted for more than half the increase. Foreign clients' deposits jumped by 33.6 per cent and those of domestic customers by only 6.9 per cent.

The National Bank attributes the sharp rise in ioreign deposits to "the increased attraction of deposits with Swiss banks in the light of uncertainties on *international financial* markets, and also the shifting of fiduciary funds out of the Euromarket as a result of lower money-market rates."

- Banque de Paris et des Pays-Bas (Suisse), is proposing an increase in its dividend in respect of 1982 from SwFr 13.50 to SwFr 15 per share on entitled capital of SwFr 268.6m ($134.3m). This follows a 2 per cent improvement in pay-out for the previous year.

The company, one of the leading foreign banks in Switzerland, booked a 22.2 per cent improvement in its net earnings for 1982 to a record SwFr 55.16m. Its balance sheet total want up by some 30 per cent to SwFr 5.22bn.

The bank is controlled by Pargesa Holding, a company set up by investors in the former Swiss subsidiary of the Paris-based Banque de Paris et des Pays-Bas who did not accept the compensation terms offered under the Mitterrand administration's nationalisation programme. There is no longer any connection between the two.

INTERNATIONAL COMPANIES and FINANCE

LABOUR NEGOTIATIONS CONTINUE FOR GM JOINT VENTURE

Toyota accepts UAW presence at Fremont

BY JUREK MARTIN IN TOKYO

TOYOTA seems to bave concluded that it has no alternative but to deal with the United Automobile Workers' Uo'on in setting up its new car production joint venture with General Motors in Fremoot,. California.

However, the leading Japanese car company still seems to he holding out the hope that tha Fremont operation might be run along different lines than that of the rest of the U.S. car industry.

Toyota's agreement in principle with GM, signed last week, stipulates satisfactory resolutions to the labour question as a precondition for proceeding with the joint venture.

Last night Mr Eiji Toyoda, the chairman, stated: "We know very well that the UAW is a very influential union and organisation representing car workers across the U.S. Therefore we understand that it is a very difficult problem if we take no notice and disregard the UAW."

Earlier, his cousin, Mr Shoichiro Toyoda, the company's president, had repeatedly avoided direct answers to questions on the UAW. The union has expressed concern at reports that the Fremont plant would not feel obliged to hire its members laid off last year for the new operation, which could employ between 2,500 and 3,000 workers.

Mr Shoichiro Toyods insisted that Toyota's goal was "to create a co-operative atmosphere, a new system in a new joint venture." He said it was important that there be mutual trust between management and labour.

It was, he said, entirely up to the Fremoot labour force to decide if it wanted to be represented by the UAW; and it would be up to the new company whose management has yet to be selected, but whose bead will be a Toyota oominee, to decide the hiriog policy.

It was, Mr Shoichiro Toyoda added, "too difficult to say at this point what this policy embracing wage scales and all terms and conditions of employment would be."

Last week, at the official signing ceremony, Mr Eiji Toyoda, bad agreed with Mr Roger Smith, GM's chairman, that the UAW would have a role to play in establishing the Fremont operation.

But last night, while insisting that this affirmation still atood, be suggested that GM had to take into account its overall ousiness in the U.S. and that Mr Smith was not necessarily referring specifically to Fremont.

On other issues both the Toyodas declined to reveal the size of the investment in the joint venture, other than to say that of the $100m initial capital half would come from Toyota.

Additional investment of an unspecified amnunt and proportion would be required Mr Shoichiro Toyoda said, adding that Toyota wanted to keep costs down so that the venture could be profitable as soon as possible after the assembly lines roll, tentatively scheduled for the second half of next year.

● Toyota Motor Sales U.S. said its fioance subsidiary, with an initial capitalisation of $20m, will hegin U.S. operations this month in Oregon for Toyota's 24 dealers in that state.

. : subsidiary, Toyota Motor Credit, will offer both retail and whnlesale financing for dealers. Toyota said it plans to expand financing activities to otber states this year.

Finance America, a BankAmerica subsidiary is to provide support services for the financing operation, including credit approval and billings and collections.

AECI maintains dividend despite fall in earnings

BY OUR JOHANNESBURG CORRESPONDENT

SOUTH AFRICA's deteriorating economic climate affected the operations of the country'e largest chemicals group, AECI, last year, though not to the same degree as it hit the country's second largest, Sentrachem whose results were published last week.

AECI's turnover rose to R1.55bn ($1.43bn) from R1.47bn in 1981 while pre-tax trading income slipped by 7.5 per cent to R221m from R239m. The poor trading enrlronment obliged the group to dismiss 10 per cent of its workfnrce last year and further redundancies are likely this year.

A major factor in AECI's trading difficultiea was the decline in sales of explosives to base mineral mines. This led to lower overall sales despite the coal mines having bought more explosives and sales to the gold mines having been virtually unchanged.

Deteriorating agricultural conditions and bigher import levels led to a 10 per cent reduction in volume sales of agricultural chemicals, while nylon sales dropped by 18 per cent.

The chemical industry as a whole has been worried by competition from imports across a broad spectrum of products. Negotiations are being held with government in the bopes that import policies will be tightened and that local producers will be encouraged by realistic tariff barriers.

This year AECI plans to spend about R200m on capital projects which are expected to include a soda ash plant, a caustic soda plant to serve Mondi's Richards Bay pulp mill, and a stabilised polyester filament plant.

The total dividend is unchanged at 55 cents despite a drop in earnings to 89.2 cents a share from 103 cents. The directors believe that this year's earnings should be much the same as in 1982, and that the dividend will be maintained. Anglo-American Industrial Corporation owns 39.5 per cent of AECI's equity while Imperial Chemicals Industries owns 38.3 per cent.

NOTICE OF REDEMPTION

To the Holders of

Mitsui Petrochemical Industries, Ltd.

8 per cent. Guaranteed Notes due 1984

NOTICE IS HEREBY GIVEN that, pursuant to Condition 5(A) of the above Notes, the undersigned will redeem on April 1, 1983, $6,000,000 aggregate principal amount of said Notes at their principal amount, together with interest accrued to the date of redemption.

The serial numbers of the Notes to be redeemed are as follows:

[illegible]

On or after April 1, 1983 said Notes will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. The Notes will be paid upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder at any one nf the fnllowing paying agents: The Industrial Bank of Japan Trust Company, Principal Paying Agent, 245 Park Avenue, New York, New York 10167; The Mitsui Bank, Limited, Galilee Building, Avenne Galilee, 1030 Brussels, Belgium; The Mitsui Trust and Banking Company, Limited, 99 Bishopsgate, London EC2M 3XD; Kredietbank, S.A. Luxembourgeoise, 43 Boulevard Royal, Luxembourg; Credit Lyonnais, rue du Quatre-Septembre, 75002, Paris, France.

Payments other than in New York City will be made by US dollar cheque drawn on, or by transfer to a US dollar account maintained by the payee, with a bank in New York City.

Conpons dne April 1, 1983 should be detached and collected in the usual manner.

From and after April 1, 1983 interest on the Notes to be redeemed will cease to accrue.

Dated: February 24, 1983

Mitsui Petrochemical Industries, Ltd.
By The Industrial Bank of Jopan Trust Company
as Principal Paying Agent

NOTICE

The serial numbers of Notes drawn for redemption on April 1, 1982, and not yet presented for payment are as follows:

1641	1650	3925	3931	3938	3942	3946	7075	7082	7086	8086	8090	8103	8108	8113	8124	8128	8132	8140	8150	8159	8163	8170	8180
1648	3923	3927	3936	3940	3944	4511	7077	7084	7093	8088	8101	8106	8111	8119	8126	8130	8134	8148	8152	8161	8168	8172	8182

Arabs form $5bn group for agricultural investment

BY CHARLES RICHARDS IN KHARTOUM

ARAB investors are planning the formation of a $5bn investment company for agricultural development projects in Sudan and Egypt.

A private Saudi businessman, Sheikh Salah Abdullah Kamal Al Dasiouri, held preliminary talks with President Nimeiri of Sudan and President Mubarak of Egypt in Khartoum on Tuesday.

The investment company is aiming to group some 20 businessmen from Saudi Arabia, Qatar, the United Arab Emirates, Oman and Egypt who will put up 50 per cent of the subscribed capital. The remainder will be open to public subscription, with shares at $100 each, according to one of the businessmen involved.

Discussions are still at a preliminary stage but the company, to be called Baraka, will be run on Islamic banking lines, paying dividends to shareholders rather than charging interest on loans.

Sheikh Salah is already engaged in a number of ventures in the Sudan. He holds a share in the National Development Bank ond is reported to have financed the purchase of some $150m-worth of Saudi oil by Sudan in exchange for cattle and agricultural produce.

There is some scepticism as to whether the investment company will ever be more than a paper company and there is said to be some rivalry in Islamic banking circles between Sheikh Salah and Prince Faisal, of the Faisal Bank, who is forming o similar $1bn company for development projects in the Sudan.

Both Egypt and the Sudan are hoping that any such investment company would sponsor projects within the framework of their integration.

The director of the joint-integration fund, Mr Nazih Dheif, said it would initially stand at $500m, with equal contributions from each government. The fund would welcome the participation of governments, private companies or individuals, or multilateral aid organisations. Given the financial difficulties of both Egypt and the Sudan a sizeable foreign proportion is clearly expected.

Korea to sell Choheung Bank stake

By Ann Charters in Seoul

THE Korean Government's stake in Chobeung Bank, one of Korea's largest commercial banks, is to be put up for auction in early March as the last step in the return of the commercial banking sector to private ownership. The Finance Ministry, has sold Government-held shares in three other commercial hanks over the past two years. The remaining large commercial bank, the Commercial Bank of Korea, has tha Government only as an indirect partner through the Korea Traders Association's shareholding.

The Government's equity, which represents 18.5 per cent of Choheung Bank's issued share capital, is to be allocated equally between individual and corporate investors.

Profits rise at East Asiatic Thailand

By Jonathan Sharp in Bangkok

The East Asiatic Company (Thailand), a subsidiary of the Copenhagen-based trading group, has reported net profits of 39m baht ($1.7m) for 1982, an improvement of 12 per cent. Turnover was 1.9bn baht.

The company sald difficult trading conditions were experienced in 1982, particularly in the capital goods market where demand slowed under the impact of high interest rates and reduced spending by the Thai Government.

However, satisfactory progress was being made in the pursuit of new business opportunities focusing on advanced technology, the company added and its overall performance in 1982 was considered reasonably satisfactory.

Weeks Australia merger with AOD called off

BY LACHLAN DRUMMOND IN SYDNEY

THE proposed merger of Alliance Oil Development (AOD) and Weeks Australia has been called off after independent advice that the move would not be in the best interests of the share and option holders of Weeks, which is 51 per cent owned by the Bermuda-based Weeks Petroleum.

The merger was to have been completed through a one-for-four all share offer from AOD which at the time of the announcement placed a value of 21 cents on Weeks shares, which had been trading at 15 cents.

However, AOD shares have since fallen from 84 cents to 56 cents, valuing Weeks at 14 cents a share, only 2 cents per sbare above the casb backing Weeks would have brought with it.

In total the valuation on Week's capital bas dropped from A$32.4m to A$21.6m (US$21m) including its listed options.

Both companies said they were disappointed the deal could not go through hut would give no details of the arguments put forward by Week's advisers, A. C. Goode.

AOD would have gained A$20m in cash, an extra 50m exploration acres and an 8 per cent stake in Weeks Petroleum, which earns sbout A$20m a year from royalties in the Bass Strait oil fields.

Weeks shareholders in return would have gained entry to the Cooper Basin project dua to hegin producing revenues this year through an eventual 25 per cent atake in the expanded AOD.

AOD yesterday reported an increase in net profits from A$610,000 to A$1.1m for the six months to December 30 from its share of Cooper Basin gas and its own carbon dioxide well. Income from crude oil and condensate should begin to flow in the current quarter.

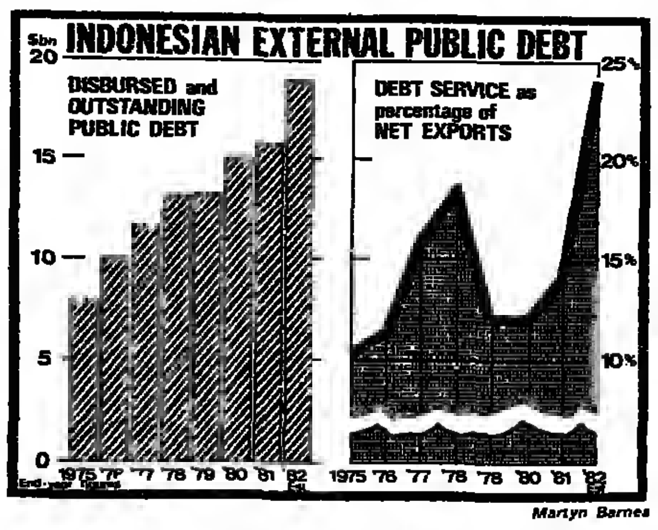
Bankers take stock as oil boom wanes

Indonesian borrowing status cast in a gloomier light

CAREFUL fiscal managemeot and the increase in oil revenues at the turn of the decade earned Indooesia a reputation as one of the most creditworthy and sought after sovereign borrowers lo the developiog world.

But now the oil boom has run out of steam and bankers—already constrained by the demands made on them and the worldwide swing towards measuring risks more closely, as country after couotry has encountered debt problems—are expressing concern about Indonesia's ability to finance a rapidly emerging resource deficit.

Even before the now widely expected cut of at least 10 per cent io the price of its main export commodity — oil — Indonesia was facing a sharp fall in exports receipts, and suffering from growing balance of payments difficulties. Already this year, the Indonesian Government has moved towards what looks like a goal of doubling its foreign commercial borrowing in 1983.



Martyn Barnes

Last month, Indonesia appointed Morgan Guaranty Trust of New York to arrange a US$1bn syndicated loan, and this month has asked Dai-Ichi Kangyo Bank of Japan to lead the management of a syndication worth the yen equivalent of US$325m. Tbis is more than US$1.2bo or so raised by the Indonesian Governmeot in 1982.

Some banks are now concerned as to whether even a doubling of commercial borrowing will be enough to finance a balance of payments deficit on current account which could rise above last year's record US$7bn. Indonesia's oil price, currently running at $34.53 is expected to come down by at least $4 which wonld add around $1.2bn to the existing deficit, if no counter measures were taken.

Indonesia is already among the world's top 10 developing country borrowers, with disbursed and outstanding official public overseas debt of around $19bn. Indonesia does, however, have a number of things in its favour. The country has a claim to political stability, has little short-term or private overseas debt, and its borrowings are widely regarded as relatively light.

However, some bankers fear that Indonesia's additional finaociog requirements could assume alarming proportions, particularly if there is a slide in the Indooesian oil price to below $30. With higher grade Nigerian crude now at $30, a price of $28.50 for both Saudi and Indonesian marker crudes is not to be ruled out.

At ooe foreign bank, the view is: "Indonesia is facing serious foreign exchange problems. The annual current account deficit in 1982, 1983 and 1984 will be in the $6bo-to-$8bo range, even assuming a modest recovery in the U.S. economy in the second half of 1983. A net capital inflow of at least $6bn will be required in 1983 aod in 1984 to prevent foreign exchange reserves falling below three months of imports.

Many bankers believe a devaluation of the ruplah is likely after oext mooth's Presidential election, at wbich President Subarto is expected to be returned. They say there has already beeo a significant movemeot of ruplahs into foreign curreocy. Some $1bn or more may have moved abroad since August, it is thought.

Foreign bankers in the Indonesian capital say Indonesia should have little trouble in financing the record 1982-83 overall balance of payments deficit of about $4bn out of existing official and unofficial reserves.

But with many forecasting little or no economic growth for Indonesia in the 1983 calendar year, aod the spectre of cuts in oil prices looming, economists and bankers here are looking forward to 1984 with trepidation.

Indonesia is the largest exporter of petroleum east of the Gulf, and the world's top exporter of liquefied natural gas. Indonesia depeods on petroleum reveoues for around 65 per cent of its Budgetary revenues, whicb account for a larger proportion of gross export earnings.

In addition, the country's large domestic economic sector of subsistence agriculture has been hit badly by drought, which could meao no growth, or worse in 1983.

At the eod of this fiscal year, in March, Iodonesia's official reserves together with those beld by the state bankiog sector will be down to the equivaleot of about three months of ooo-oil imports.

This might seem satisfactory cover in itself but witb a tough financial year ahead a reduced overall balance of payments deficit of, say, $3.5bn would leave Indonesia with just over a month aod a half of cover at current import levels.

"In the comiog financial year Indooesia just canoot afford another drawdown on reserves similar to this year's," is one banker's view. "With oil export volume and prices flat at best, the Government will have to act very tough now."

Indonesian officials say bankers in Jakarta may be more pessimistic than international debt problems and oil price cutting require. Eveo though terms for Indonesia's two latest loan syndications are expected ta be cooslderably stiffer than the 0.375 points above the Loodoo inter-bank offered rate (Libor) woo on last November's Chase Manhattan $275m syndicated loan, Jakarta's credit rating is still comparatively high, the officials claim.

In support of this, they argua that Indonesia would have littla problem io obtaining more than $500m from the International Monetary Fund. Indonesia, it oow appears, is consideriog going to the IMF for up to $600m.

The officials point to Indooesia's having already embarked upoo painful ecooomic measures sucb as a major reduction in Government subsidies, a broad cut in Governmeot speodiog, a credit squeeze, aod at attempts to cut down on corruptioo and to boost the tax collectioo system. In addition, they say, import growth is being curbed, so as to reduce the country's overall financing oeeds.

Indonesia's foreign public and private debt—oow estimated at some $23bn — makes the country the third largest borrower in Asia, after South Korea and India. Among developiog country's according to Mr J. E. Ismael, managiog director of Indonesia's Central Bank, Indonesia must now be the sixth or seventh largest borrower in the world.

Iodonesia's debt service ratio, measured as a percentage of exports taking oil and gas on a net basis, is now running at around 24 per cent, less than a fifth of that beiog run by countries in Latin America which are being forced to reschedule.

Unlike many Latin American countries, Indonesia has little private overseas debt. Estimates range from $5bn ta $3bn. If the Indonesian Government is looking—as widely predicted—to boost its straight commercial borrowing in 1983 from $1.2bn last year to over $2bn this, it should be able to do so, though at higher rates.

The big question however, is what will the country's requirements be in 1984.

Richard Cowper

UK COMPANY NEWS

LONDON RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
112	F.P.	16.3	146	120	Assoc. British Ports	141	−3	b7.0	1.5	7.1	13.4
§108	F.P.	13.1	238	140	✠Baltic Leasing 5p	215	−2	b2.9	3.5	1.8	17.0
§100	F.P.	22.4	105	100	Br. Kidney Pat. As.	105		—	—	—	—
‡74	F.P.	21.1	158	103	✠Canvermoor	138	+5	b3.64	2.0	3.9	15.1
‡38	F.P.	8.4	112	90	✠HB Elect Comps 10p	112		u1.12	3.2	1.4	25.2
§130	F.P.	14.1	215	155	✠Memory Comp Ir10p	188	−5	bQ28.6%	5.6	1.3	20.5
§190	F.P.	4.3	288	305	✠Microgen	330	.....	b4.0	2.9	1.7	27.8
§155	F.P.	7.1	255	200	✠Muntord & White	228	...	b2.6	6.4	1.6	36.0
§83	F.P.	4.3	198	145	✠Resource Tech. 10p	168	−5	—	—	—	31.2
‡‡	F.P.	—	110	87	✠Sinclair (Wm.)	87	−6	¶4.26	1.0	7.0	21.1
‡‡	F.P.	—	105	77	Do. Deld.	77	−8	—	—	—	—
175	F.P.	—	305	270	Superdrug Stores 10p	270	...	bd5.5	2.4	1.8	31.8
‡20	F.P.	—	125	100	✠Swindon Priv Hos £1	104	.....	—	—	—	—
‡10	F.P.	—	20	24	✠Tele.Services Intl 0p	20	.....	b0.9	3.3	9.0	44.4
§10½	F.P.	—	78	18	✠Tops Estates 10p	58		—	—	—	—
§79	F.P.	—	107	99	✠Utd. Packaging 10p	107	+5	b2.2	5.9	3.3	11.4
§150	F.P.	18.2	340	262	✠WightCollinsR. 10p	302	.....	bd2.75	3.3	1.3	34.0
—	F.P.	3.3	25	21	Yorks & Lancs. W'rrnts	22	...	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price £	+ or −
**	F.P.	—	98	88	Anglo-Nordic 10% Cnv. Uns. Ln. 1099	97	−1
97.504	£22	4.5	30½	12¼	BOC 13¼% Uns. Ln. 2012-17	18¾	−¼
99.431	£20	10.4	21⅛	12	Birmingham 11½% Red. 2012	13¼	...
*	F.P.	24.5	101¼	101	East Surrey Water 7% Red. Pref. 1988	101	....
**	F.P.	—	224p	90½p	Electro Protective 7% Cnv. Prf.	304p	−8
**	F.P.	—	150	96	European Inv. Bk. 11% Ln. 2002	98	−1½
*	£10	29.7	10	10	Mid Sussex Water 7% Red. Pref. '88-90	10½	....
—	—	—	100¼	99	Nationwide Bdg. Soc. 11⅞% Bds. 23/1/84	100¼	....
—	—	—	100⅛	100	Do. 11⅞% Bds. 13/2/84	100⅛	....
§97.174	£92	5.5	22¾	22	Pearson (S) 13% Uns. Ln. 2007	25	+¼
96.55	£25	9.7	98	23½	Sweden 13½% Ln. Stk. 2010	26¼	−1
**	F.P.	18.2	99	95	Transcont. 9% Cnv. Ret. Uns. Ln. Nts. 1995	92	....

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982/3 High	1982/3 Low	Stock	Closing price	+ or −
920	Nil	26.9	28.4	42pm	28pm	AOB Research 10p	42pm	.....
8½	Nil	4.3	29.3	13pm	9pm	Audiotronic 2½p	9pm	.....
50	F.P.	9.2	0.5	22	45	Cluff Oil 'B'	45	−2
75	Nil	7.3	12.3	22pm	12½pm	Dominion Int. 20p	22pm	+3
165	Nil	—	—	20pm	10pm	Gears Gross 10p	12pm	−8
00	F.P.	21.2	7.4	144	130	Grosvenor Group	141	
60	F.P.	14.1	11.9	78	65	ICL	73	−2
46	F.P.	14.2	11.3	60	51	LCP	59	....
27	F.P.	31.7	7.4	35½	32	Mount Charlotte 10p	35½	.....
A$1.50	Nil	—	—	50pm	44pm	North B. Hill 50c	44pm	−6
98	F.P.	7.2	21.3	122	106	NSS News 10p	120	.....
60cts	Nil	11.3	—	2½pm	1pm	Rand Lon. Corp. 12cts	1pm	.....
58	F.P.	3.2	29.4	71	61	Stakis 10p	71	+2½
400	Nil	4.3	22.4	00pm	52pm	Ultramar	52pm	−28

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. o Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. 1 Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under special rule.

BASE LENDING RATES

A.B.N. Bank	11 %	Gulf G'tee Trust Ltd.	12 %
Allied Irish Bank	11 %	■ Hambros Bank	11 %
Amro Bank	11 %	Hargrave Secs. Ltd.	11 %
Henry Ansbacher	11 %	Heritable & Gen. Trust	11 %
Arbuthnot Latham	11 %	■ Hill Samuel	§11 %
Armco Trust Ltd.	11 %	C. Hoare & Co.	†11 %
Associates Cap. Corp.	11 %	Hongkong & Shanghai	11 %
Banco de Bilbao	11 %	Kingsnorth Trust Ltd.	12 %
Bank Hapoalim BM	11 %	Knowsley & Co. Ltd.	11½ %
BCCI	11 %	Lloyds Bank	11 %
Bank of Ireland	11 %	Mallinhall Limited	11 %
Bank Leumi (UK) plc	11 %	Edward Manson & Co.	12 %
Bank of Cyprus	11 %	Midland Bank	11 %
Bank Street Sec. Ltd.	10½ %	■ Morgan Grenfell	11 %
Banque Belge Ltd.	11 %	National Westminster	11 %
Banque du Rhone	12 %	Norwich Gen. Tst.	11 %
Barclays Bank	11 %	P. S. Refson & Co.	11 %
Beneficial Trust Ltd.	12 %	Royal Trust Co. Canada	11 %
Bremar Holdings Ltd.	12 %	Roxburghe Guarantee	11½ %
Brit. Bank of Mid. East	11 %	Slavenburg's Bank	11 %
■ Brown Shipley	11 %	Standard Chartered	‖11 %
Canada Perm't Trust	11½ %	Trade Dev. Bank	11 %
Castle Court Trust Ltd.	11½ %	Trustee Savings Bank	11 %
Cayzer Ltd.	11 %	TCB	11 %
Cedar Holdings	11 %	United Bank of Kuwait	11 %
■ Charterhouse Japhet	11 %	Volkskas Intl. Ltd.	11 %
Choulartons	11½ %	Westpac Banking Corp.	11 %
Citibank Savings	¶9 %	Whiteaway Laidlaw	11½ %
Clydesdale Bank	11 %	Williams & Glyn's	11 %
C. E. Coates	12 %	Wintrust Secs. Ltd.	11 %
Comm. Bk. of N. East	11 %	Yorkshire Bank	11 %
Consolidated Credits	11 %		
Co-operative Bank	*11 %		
The Cyprus Popular Bk	11 %		
Duncan Lawrie	11 %		
E. T. Trust	11 %		
Exeter Trust Ltd.	12 %		
First Nat. Fin. Corp.	13½ %		
First Nat. Secs. Ltd.	13 %		
Robert Fraser	12 %		
Grindlays Bank	‡11 %		
■ Guinness Mahon	11 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8%. 1-month 8.25%. Short-term £8,000/12-months 10.0%.
† 7-day deposits on sums of: under £10,000 8%, £10,000 up to £50,000 8¾%, £50,000 and over 9¼%.
‡ Call deposits £1,000 and over 8%.
‖ 21-day deposits over £1,000 9%.
§ Demand deposits 8%.
¶ Mortgage base rate.

EXCHANGE FLUCTUATIONS CUT £2.2M FROM OVERSEAS CONTRIBUTION

Marley profits fall to £10.12m

BY OUR FINANCIAL STAFF

A REDUCTION in overseas profits of Marley meant that overall pre-tax figures of the building products maker fell to £10.12m for the 14 months to the end of December 1982 against £15.1m for the previous year.

Overseas profits for the period declined to £8.39m (£11.69m for year), but there was an improvement in the UK contribution from £14.68m to £16.96m. Group trading profits were £25.35m (£26.37m) and sales amounted to £480.74m (£363.45m) – of these, the UK accounted for £299.1m (£218.87m).

The net profits of overseas subsidiaries and associates have been reduced by £2.2m as a result of exchange rate movements. Their results have been expressed at the average rate applicable to the respective accounting periods.

The company says the extension of its accounting year to a date more appropriate to the needs of the business, has had little impact on profits. Total pre-tax profits for the 12 months to October 31 1982 were not materially different from the reported figures for the 14 months period.

In these circumstances, it was considered that the inclusion of detailed results for the year to October 31 1982 would not be helpful. However, as a base for comparison, pre-tax profits for the 12 months to December 31 1982 are given as £12.07m.

Stated earnings per 25p share for the 14 months dropped to 13p, against 3p previously, but the dividend for the period is being raised from 2.25p to 2.5p net with a final of 1.5p (1.25p) – it is intended to offer ordinary shareholders a choice of receiving either cash, or fully paid ordinary shares, in respect of the final.

The company reports that signs of recovery in the UK for the current year are better than for a long time, with the increase in housing activity and an encouraging level of consumer spending in the home improvements market.

The overseas profits setback was caused by Marley's Canadian offshoot, making a loss for the first time and also reduced profits in Ireland. The economies of both countries remain depressed, but measures have been taken to deal with the changed conditions and to improve performance.

Profits at Klein, the recent U.S. acquisition, were better than forecast, but improvement towards profitability in Ingrid has so far been slow. Economic conditions in the U.S. remained unfavourable throughout the period.

South Africa again produced excellent results and Bisch-Marley, the clay tile business in France, did well, the company states.

Share of associates profits declined from £1.59m to £1.32m, as a result of higher interest rates, weaker demand and increased competition in the French concrete tile company. In the U.S., low housing starts curtailed demand for roof tiles, but recent increased activity indicates an improvement for the next year.

Interest payable increased from £12.86m to £16.54m, while a higher tax charge of £6.81m (£7.99m) was mainly attributable to unrelieved losses in North America. After deducting minorities of £506,000 (£830,000) and extraordinary items of £529,000 last time, available profits were lower at £2.6m, compared with £5.76m.

Cost of dividends was up from £4.61m to £5.15m, leaving a deficit for the period of £2.35m (£1.15m profits).

Johnson Matthey profits dip

BY OUR FINANCIAL STAFF

THIRD QUARTER pre-tax profits of Johnson Matthey fell from £11.86m last time to £10.18m, leaving the nine months figure, to the end of December 1982, lower at £28m compared with £35m previously.

Invoiced sales of the group, excluding Johnson Matthey Bankers, were £716.5m (£569.3m) for the April to December period. The group's interests comprise metal refining, banking, chemical manufacturing, metal fabricating and producing ceramic colours, pigments and decorative transfers.

Profits before tax included the group's share of associates' profits and were struck after deducting higher debenture and other interest of £5.9m (£1.8m) and depreciation of £8.9m (£6.5m).

The tax charge for the period was £0.3m lower at £10.2m. After debiting an exchange variation of £3.6m (crediting £2.9m), attributable profits were down from £27.4m to £14.2m. Dividends absorb £4m (same).

The exchange variation included realised and realisable exchange gains and losses. Translation gains of £11m (£6.6m), relating to net assets of overseas subsidiaries and associates, have been transferred to reserves.

Annualised earnings per £1 share for the nine months were 17.8p, against 24.6p last time.

An unchanged interim dividend of 3p net has already been paid for the current year. Previously, a total of 10p per share was distributed on pre-tax profits of £49.61m (£45.6m).

At December 31 1982 group net assets amounted to £366.7m, compared with £320.5m a year earlier. Fixed assets were £143.2m (£83.9m), investments £30.1m (£28.3m), base stocks £73.8m (£73.1m) and net current assets £121.6m (£135.2m). Shareholders' funds improved from £296.5m to £321.7m.

The group's precious metal stocks have been valued at base prices plus attributable tax. If market prices had been used, the amount on the balance sheet would have been higher by £81m (£40.6m).

New City service on Prestel

By Raymond Snoddy

PRESTEL and InterCom Videotex (ICV) are to launch a new package of information from the City of London for Prestel subscribers.

The aim of Prestel CitiService will be to provide a simplified consumer-orientated range of information on securities, foreign exchange, futures, commodities and money markets, mostly for the clients of City professionals.

The service, which will start on April 5, is a joint venture between Prestel, the British Telecom viewdata operator, and ICV, which is a subsidiary of Inter Commodities, the commodity futures broking company.

In a letter to Prestel information providers, Mr Kieran Levis, Prestel's marketing manager for business services, said the intention is "to present a shop window on the City of London to the many thousands of its users of its users of its services outside the City."

Apart from being major providers of information, InterCom will carry out indexing of financial information under the CitiService name.

ICV hopes that most of the present major providers of financial information, such as the London Stock Exchange, will take part.

Daejan little changed at half-year

BY OUR FINANCIAL STAFF

LITTLE-CHANGED profits are reported by property company Daejan Holdings for the first six months of the current year, ending March 31, 1983.

Pre-tax profits for the half-year to the end of September were £2.78m, against £2.8m last time. The tax charge was unchanged at £1.15m and with minorities taking £15,000 (£9,000), the net surplus was £1.62m, compared with £1.64m.

Stated earnings per 25p share fell slightly from 10.05p to 9.92p. Last month, the company announced an unchanged interim of 1.925p net per share – the previous year's final was 2.625p.

■ DAEJAN HOLDINGS
Property

Half-year to Sep 30	1982	1981
	£	£
Sales	5.89m	5.79
Pre-tax profit	2.78m	2.8m
Tax	1.15m	1.15m
Attributable profit	1.62m	1.64m
Earnings per share	9.92p	10.05p
Dividend	1.925p	1.925p

Rent and service charges for the first six months came to £6.97m (£6.33m) less property outgoings of £4.49m (£4.16m). The surplus on sales of properties and other income amounted to £3.21m (£3.62m), while finance charges took £2.4m (£2.39m) and other expenses £513,000 (£596,000).

Last August in the annual report, the company said that in the current trading period, residential sales had been slow, although latterly there had been some improvement. If this upward trend was maintained, the full year should again produce a satisfactory profit.

Fund expects $500m for high technology

BY OUR FINANCIAL STAFF

THREE major international investment firms have launched a new fund, to invest in worldwide high technology business.

They are Merrill Lynch Asset Management of the U.S., Nomura Capital Management of Japan, and Lombard Odier International Portfolio Management (part of the Swiss bank Lombard Odier & Cie).

Between them, they are expecting it to pull in some $500m from institutional and private investors in Europe, North America and the Far East. "Several millions" have so far been committed, a spokesman said yesterday.

The three advisers will share management responsibilities for the fund, which initially is expected to be divided on a 40:40:20 basis between the U.S., Japan and Europe. The vast majority of the assets will be held in quoted securities, but around 10 per cent will be reserved for over-the-counter stocks and venture capital.

The fund will be managed in two virtually identical investment companies – Sci/Tech Holdings Inc for U.S. and Canadian investors, and Sci/Tech S.A. for investors in Europe, the Far East and elsewhere.

"The international investment management of Sci/Tech give it the flexibility to commit assets anywhere in the world where the mix of technological advances and a favourable investment climate seems likely to serve the fund's long-term investment objectives," Arthur Zeikel, President of Merrill Lynch Asset Management and President and Director of Sci/Tech Holdings said yesterday.

Formed in Luxembourg, shares in Sci/Tech S.A. will be available initially at $10 each. They will be quoted in London while the company seeks a listing in London and Amsterdam.

Jebsens Drilling sees profits move ahead

BY OUR FINANCIAL STAFF

ATTRIBUTABLE profits before extraordinary items of Jebsens Drilling advanced from £5.4m to £10m in 1982.

The year's dividend of this offshore drilling concern – whose shares have been quoted on the Unlisted Securities Market since April 1982 – is set at 17.5p net with a final of 10.5p. Earnings per 25p share are given as rising from 37.1p to 62.3p.

Mr Atle Jebsen, chairman, says slackening world demand for oil and the addition of a number of rigs to the world wide fleet combined to depress day rates and shorten the length of contracts.

Despite the depressed state of the market he believes the company will be in a better position by 1984 and will be well positioned to take advantage of any improvement.

The directors believe efforts will continue to find oil outside Opec, much offshore. Drilling has started off the coast of China and the requirement for rigs there is expected to increase substantially.

Revenue increased from £30.8m to £59.4m. This reflects the acquisition in March of the drilling rig, Ali Baba, and a full year's contribution by the rig Aladdin – under contract to BP – and the drillship, Pacnorse 1.

Operating profits rose from £11.1m to £24.7m.

Aberdeen Steak Houses plans to go public

BY DOMINIC LAWSON

ABERDEEN Steak Houses (ASH) is intending to come to the stock market, possibly for a full listing. The company, which in the year to November 1982 made record pre-tax profits of £368,462 on sales of almost £4m, operates 14 outlets, all in London's West End.

Mr Ali Salih, chairman of ASH, said yesterday that negotiations with stockbrokers and merchant bankers would start shortly.

ASH was incorporated in 1976, when five outlets made a profit of £7,575 on sales of £281,028. In 1978 the company made profits of £157,736, a level that was not beaten until 1981, when ASH turned in over £200,000 pre-tax. In 1982 ASH enjoyed net margins of almost 10 per cent.

Of the company's outlets, 11 are steak houses, two are Hamburger restaurants, and one operates a French-style menu. ASH will soon be opening another branch and is currently negotiating with Scottish and Newcastle to take over one of its Angus steak house branches.

All the company's premises are leaseholds, and its current annual rental bill is about £800,000.

ASH has no net borrowings, and has fixed assets worth about £1.4m in the 1981 balance sheet.

BUSINESS LAW

Speculating without risk in Germany

BY A. H. HERMANN, Legal Correspondent

HAVE YOU a reluctant but solvent debtor in West Germany, or anywhere else as long as the debt is governed by German law? If you have, it is worth reading on, because you stand a good chance of making some extra money, courtesy of the Federal Supreme Court (BGH) in Karlsruhe. All that is needed, according to its recent ruling,* is to think of a good speculative share and to tell the debtor how many shares you would buy had you received his money. Should the price drop, you had better forget the whole thing, but should it rise you can tell him that you would now sell the shares you never bought and ask him to pay you the profit you could have made.

The ruling which makes such profits on imaginary transactions possible is very untypical of the BGH, which has a deserved reputation for common sense and sound legal craftsmanship; but even a master carpenter sometimes cuts himself and this seems to have happened here. What makes the case so bad is that there is no appeal from Karlsruhe, and the Bonn legislators have apparently been landed with a problem.

The dispute in which this ruling was made is between a company and its former partner who was expelled from the company by a resolution of the other partners, adopted in 1971. He first contested the validity of this resolution, but then agreed to sell his stake in the company for DM 400,000. Subsequently, he sued the company, claiming more money under different headings, and in 1975 obtained a judgment for DM 600,000 plus interest. The plaintiff's claim leading up to this judgment was quantified in the course of a hearing which took place on February 21 1975 but the sum awarded by the court was received by him only at the end of August 1979.

The former partner, whom we shall call EB (in deference to the wish of the court who does not like names to be disclosed), then brought a second action against the company—this time claiming damages for a loss of profit due to the delay in receiving his money. He submitted evidence that he had informed the company by two letters of June 21 and October 14 1976 that he would like to buy with the money owed to him a specified number of particular shares for a total amount of DM 368,350.71. He urged the company to let him have the money, but without success.

About a year later, on May 16, 1977 (while the debt was still unpaid) EB informed the company that, had he bought the shares as originally intended, he would have sold them on May 11, 1977, for a profit of DM 31,675.56. He claimed damages for that amount, plus interest. The action was first brought in Dusseldorf, where it was dismissed both in the regional court and in the Appeal Court.

The Appeal Court did not see a sufficient causal link between the delay and the loss of profit on an imaginary speculative deal. Such a link, the court said, could be assumed in speculative deals of that type only when the creditor took steps to proceed with the transaction in the expectation that he would receive the money on the due date, that is before the debtor delayed matters.

It was, however, quite a different matter when the decision to make a speculative deal was taken only when the debtor was already in delay. In such a case, it was impossible to establish how the creditor would have disposed of the money had he received it in time and had the investment been connected with a risk. To allow damages for the loss of a fictitious profit when no risk had been taken would open the door to an arbitrary and uncontrollable increase in the obligation of the debtor, said the court.

This perfectly reasonable conclusion did not, however, satisfy the BGH. Citing its previous decisions interpreting section 252/2 of the German Civil Code the court said that "lost profit" was a gain which would probably have been achieved in the usual course of business or, in special circumstances, where measures had already been taken to achieve it. The Appeal Court got this right but was wrong when it thought that the purpose of the provision was to limit the compensation for lost profit to such profit as could be expected at the time of the loss-producing event — here when the debtor began to delay matters.

Allowing damages for the loss of a fictitious profit, the BGH opened the door to arbitrary increase in a debtor's obligation

On the contrary, said the BGH, the purpose of section 252 was to make it easier for the damaged party to prove loss. Consequently, section 252 also provided for gains on transactions which the creditor decided to make while the debtor was already holding up payment. The party claiming damages needed to prove only that there was a probability of profit, had the debtor paid without delay.

The BGH resolutely rejected the Appeal Court's view that to award damages in this case would be to allow creditors to engage in speculation at the expense of the debtor and free of risk to themselves. This would be the case, said the BGH (revealing a great innocence in these matters), only if the probability of profit depended solely on the timing of the purchase and sale of the shares, without taking into account the development of the share price in the intervening period.

If the price of the shares had fallen in the intervening period, said the BGH, a subsequent rise would no longer count. It was necessary to establish how the plaintiff would have behaved in the face of the actual share price development, had he speculated on his own risk.

These were, however, not issues of law but issues of fact, and the BGH decided to return the case to the Appeal Court for retrial in accordance with the new interpretation of section 252. Almost as an afterthought, the BGH pointed out that the Appeal Court should also consider a possible co-responsibility of the creditor for the lost profit, according to section 254. Such a co-responsibility would have existed, had he been in the position to obtain bank credit for the purchase of the shares. If that had been the case, the loss would have been reduced to the cost of the credit.

This seems to be a case which cannot be resolved without some unfairness to one of the parties. However, the restrictive interpretation of section 252 adopted by the appeal court in Dusseldorf seems to be the only practical one. It might be just possible to prove what would have been the profit achieved in the ordinary course of business, and on transactions already initiated, had the money come home when it was due. For the rest, a proper rate of interest ought to be enough.

* *Case II ZR 80/82, judgment November 29 1982, unreported.*

Public Works Loan Board rates

Effective February 23

Years	Quota loans repaid by EIP†	Quota loans repaid At maturity§		Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid At maturity§	
Up to 3	10¾	10¾	11	12	12	12
Over 3, up to 4	10¾	10¾	11¼	12	12	12
Over 4, up to 5	11	11	11¼	12	12	12
Over 5, up to 6	11¼	11¼	11½	11⅞	12	12¼
Over 6, up to 7	11¼	11¼	11⅝	11⅞	12	12¼
Over 7, up to 8	11⅜	11½	11⅝	11⅞	12	12¼
Over 8, up to 9	11½	11½	11⅝	11⅞	12	12¼
Over 9, up to 10	11½	11½	11⅝	11⅞	12	12¼
Over 10, up to 15	11⅝	11⅝	11¾	12¼	12¼	12
Over 15, up to 25	11⅝	11⅝	11¾	12¼	12	11⅞
Over 25	11⅝	11⅝	11¾	12	11⅞	11⅞

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

UK COMPANY NEWS

Grampian Holdings arm sold to management

By Charles Batchelor

Grampian Holdings, the Glasgow-based group with construction, transport and consumer goods activities, has sold its Fleming Brothers structural engineering subsidiary to its management for a nominal sum.

Fleming delivered 8,000 tonnes of structural steel to the construction industry last year but made a loss of about £250,000 on turnover of nearly £7m. Since the end of the year losses have continued at a higher rate.

The sale, to Mr Andrew Cummings and Mr Edward Howitt, both Fleming directors, will lead to a net reduction of Grampian's reserves of £1.39m, including trading losses since January 1 1981, and the waiving of inter-company loans. Grampian had reserves of £14.5m on December 31 1981.

"We are giving it away," said Mr Bill Hughes, Grampian chief executive. "We searched the market place but there was no buyer. Selling to the directors will save jobs and give a better deal to shareholders. Anything was preferable to closing it down."

Grampian, which has sold other parts of its business recently, will continue to shed unprofitable activities until it has reached a profitable base, according to Mr Hughes. It has slimmed from 25 operating areas to only six over the past few years.

Mr Cummings said the independent company had plans to modernise its operations but there would be a slight slimming down of operations.

"We would expect to be running a viable organisation by the end of the year," he said.

Grampian's shares were an unchanged 50p yesterday.

Security Centres makes further U.S. acquisition

BY DAVID DODWELL

Security Centres Holdings, the burglar and fire alarm group, yesterday added significantly to its fast-growing U.S. operations by agreeing to buy **Jeweller's Protection Services** of New York, and the operations of two related companies, for $26m (£17.2m).

The purchase is the third linked purchase in the U.S. in as many months, and makes Security Centres New York's second biggest operators in the provision of various kinds of alarm systems and security.

The company's share price shot up from 330p to 352p as stockbrokers absorbed the implications of the purchase. At that point, the company asked for dealings in its shares to be suspended, pending a company statement.

Security Centres expanded into the U.S. in June last year with the purchase of a 40 per cent stake in Gibraltar Central Security Corporation, based in Miami, for an undisclosed sum. At the time, Gibraltar was talked of as a "nucleus" for U.S. operations. The remaining 60 per cent of the group was bought late last year.

Three subsequent purchases in New York have meant that Gibraltar can no longer be seen as a "nucleus," Mr Tom Forrest, the group's managing director, said yesterday. Instead, it was a "spring-board" he said.

In December, the group bought National Guardsmen Security Central Alarm, a security monitoring station in the Brooklyn area of New York, for $7.73m. This group has a capacity for 14,000 alarms, with only 5,500 currently operating.

This was followed in January by the acquisition of Burglar Alarm Corp of Queens, New York, for $500,000 in cash.

Final plans for funding the Jewellers' deal have not been outlined. More than 50 per cent of the $26m price tag is likely to be covered by loans raised in the U.S.

With profits generated in the U.S. predicted to amount to $6m a year, the company feels a relatively high gearing in the U.S. acceptable.

In the UK, Security Centres has no net borrowings. Previous acquisitions have been funded in cash, or through earnings derived through two rights issues last year—one for £2m and one for £7.75m.

Pre-tax profits for the year to March 31 1982 were £703,000, compared with £366,000 a year earlier. Turnover in the same period has risen to £3.36m from £1.46m.

Agreed £0.47m bid for Highgate

BY CHARLES BATCHELOR

Exent, a privately-owned group of engineering and electronics companies, emerged yesterday as the bidder for **Highgate Optical and Industrial** with an agreed offer worth £469,660.

Exent is offering 23p in cash for each Highgate share and has already received undertakings to accept from directors and shareholders holding 1.24m shares or 61 per cent of the equity.

It is unlikely to gain any further acceptances since Highgate's shares rose 35p to (?) yesterday but has said it would place any more shares acquired so as to retain the Stock Exchange listing.

Exent is primarily interested in Highgate's warehousing, distribution and marketing expertise and plans to sell its recently acquired Bracecard engineering subsidiary to a company owned by two Highgate directors for £100,000 cash. The entire Highgate board will step down.

"We plan to inject some young management thinking into Highgate, to increase its existing business activities and to make a further acquistion in a related field," said Mr Rodney Tringham, Extent's chief executive.

Exent also intends to distribute and market new products such as a miniature electric locking device and a low-cost breathaliser "breathalert" through Highgate.

Exent is a St Albans-based group of companies which expects to report pre-tax profits in excess of £250,000 in the year ending July 31 1983 on turnover of £3.5-4m. It employs 130 people.

These companies include Flexiveyor, which makes flexible conveyors; Slowbell Electronics, making telecommunications systems; Paperax, making paper-shredders; Springfield (UK), making industrial linkages; Lektralok, making electric locks; C-Tel Products, making a telephone bug alert and Space Saver Storage Systems.

Highgate, which distributes optical and photographic equipment, made a pre-tax loss of £23,337 in the six months ended June 30 1982 on turnover of £1.7m. It last paid a dividend in 1979.

Saloman court battle set

BY DAVID DODWELL

LAWSUITS FILED against Sir Walter Saloman and Rea Brothers, the London merchant bank, in the Delaware courts alleging contravention of Securities Exchange Commission (SEC) laws, will be heard next Monday.

The suits, filed by Mr Asher Edelman, a U.S. businessman described as "an experienced real estate assessor," are part of a bid to wrest from Sir Walter control of **Canal Randolph Corporation**, a U.S. property company. Sir Walter has been chairman of Canal Randolph since 1959.

If Mr Edelman's charges are upheld, then Sir Walter—along with shareholders representing about 28 per cent of Canal Randolph's shares who are in U.S. law defined as part of Sir Walter's beneficial holding in the company—might be forbidden from voting at the annual meeting in March. The meeting is set to be the venue for a fiercely contested battle for board control.

The annual meeting was originally scheduled for March 13, but has now been postponed to March 18. Essential documents for the proxy battle at the meeting were not released by the SEC in time for the company to meet preparatory deadlines.

Mr Edelman declared in December that he was mounting a proxy contest for the company. Since April last year, he has built up a 20 per cent stake.

Further purchases have been effectively blocked by Sir Walter, Rea Brothers, and companies linked with Rea Brothers which have a stake in Canal Randolph. At the end of January, Mr Edelman mounted a fresh $70-a-share bid for a 7.7 per cent stake held by trusts advised by Montagu Investment Management. The offer was rejected.

Pentland rejects Throgmorton Tst

The **Throgmorton Trust** wants to merge with **The Pentland Investment Trust** but met with a rejection when it announced its proposals yesterday.

Throgmorton Trust spent £10.6m acquiring a 24.4 per cent stake in Pentland in recent months in an apparent break with its previous policy of concentrating on small UK companies and avoiding large holdings in other trusts.

Throgmorton said it had approached Pentland with a view to establishing whether proposals could be agreed for the merging of the two trusts.

The Pentland board said it was unanimous in concluding that any proposals along the lines of those put forward could not be recommended to ordinary shareholders.

Throgmorton's shares fell ½p yesterday to 156½p while Pentland was an unchanged 64p.

KEAN & SCOTT HAWLEY GROUP

Pre-tax profits of Sharps Bedroom Design, which was acquired by Kean & Scott Holdings from the Hawley Group, rose to £814,000 for the 12 months ended December 31 1982, compared with a forecast of £750,000 made at the time of the purchase.

If Sharps' profits rose above £800,000 Hawley was entitled to a further 3m Kean & Scott shares, which would raise its stake to 77.6 per cent.

LON. AND MANCHESTER

Vickers Da Costa, has sold on behalf of London and Manchester Securities accounts, 706,588 Ordinary 8p shares and 255,000 10p Ordinary shares in London and Manchester (formerly known as Carlton Real Estates).

Together these shareholdings represent 4.37 per cent of London and Manchester securities' issued ordinary share capital.

The holdings have been placed with investment institutions.

HUNTLEIGH DISPOSAL

The resolution relating to the sale of Micro-Image Technology and Countdown Clean Systems by Huntleigh Group was passed at an extraordinary general meeting and the initial payment of £3.92m cash has been received. The sale to Laporte is therefore complete.

Completion of the sale will place the group in a strong financial position, say the directors. Group net borrowings will be eliminated on receipt of the proceeds and the net tangible assets will increase by 16p per share, an increase of some 30 per cent.

Though it is too early for firm forecasts, the directors believe that the benefit of actions taken in 1982, together with the present levels of activity, give confidence for the outcome of the year.

ALLIED PLANT IN £0.8M DISPOSAL

Allied Plant Group, the Hull-based plant hire, steel engineering and plumbing group, has sold the assets of H. Pickup Structural Engineers to Boulton and Paul for £800,000.

The proceeds will be used to reduce the hire purchase and leasing commitments and the bank borrowings of Allied Plant.

Allied Plant put Pickup into receivership last October after it made higher than expected losses at a new steel fabricating plant near Scarborough, Yorkshire.

Boulton and Paul is a Norwich, Norfolk-based joinery, steel construction and builders' equipment group, which is fully-owned by British Electric Traction Company. It made pre-tax profits of £1.69m in the six months ended September 30 1982 on turnover of £47.5m

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1978=100); retail sales value (1978=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1982							
1st qtr.	100.7	89.3	92	106.5	141.2	2,679	112
2nd qtr.	101.1	88.9	89	106.8	145.1	2,743	107
3rd qtr.	101.6	88.1	84	108.9	150.7	2,837	111
4th qtr.	100.9	86.9		110.7	184.5	2,913	115
March	101.7	89.8	89	106.6	142.0	2,688	111
April	101.3	89.1	97	106.3	145.9	2,718	110
May	101.6	89.5	94	106.9	145.2	2,740	107
June	100.3	88.1	76	107.2	144.6	2,773	105
July	101.4	88.1	82	108.0	151.9	2,814	111
August	101.5	88.1	82	109.4	150.6	2,832	114
September	101.9	88.2	86	109.3	149.9	2,866	107
October	101.4	87.4	87	109.3	158.6	2,885	114
November	100.0	86.4		110.0	171.5	2,906	114
December	101.5	86.8		112.2	215.5	2,949	118
1983							
January				110.0		2,984	122

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1982							
1st qtr.	92.4	90.8	121.1	86.3	80.8	74.0	14.7
2nd qtr.	91.9	91.7	122.0	86.6	77.5	72.5	17.5
3rd qtr.	91.7	90.3	122.6	85.7	72.0	71.5	17.2
4th qtr.							15.1
March	93.0	92.0	122.0	87.0	79.0	73.0	17.5
April	92.0	92.0	123.0	86.0	81.0	74.0	17.1
May	93.0	92.0	123.0	87.0	79.0	74.0	17.7
June	91.0	92.0	121.0	87.0	73.0	70.0	17.6
July	91.0	90.0	123.0	86.0	72.0	71.0	16.7
August	91.0	90.0	122.0	86.0	71.0	70.0	15.9
September	92.0	90.0	123.0	86.0	73.0	74.0	19.1
October	93.0	88.0	123.0	85.0	71.0	73.0	15.5
November	91.0	88.0	121.0	84.0	68.0	70.0	17.3
December							12.5

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv US$bn*
1982							
1st qtr.	125.0	122.8	+323	+733	+707	101.5	18.97
2nd qtr.	130.4	129.1	+125	+887	+891	101.7	17.70
3rd qtr.	124.3	125.1	+401	+1,005	+1,264	100.9	18.30
4th qtr.	131.8	123.5	+1,321	+2,011	+1,890	99.0	16.85
April	133.4	128.5	+224	+479	+418	101.8	18.16
May	131.7	134.0	−115	+145	+311	101.4	17.82
June	126.1	124.8	+ 9	+263	+162	101.9	17.70
July	125.4	123.6	+178	+379	+410	101.2	17.94
August	117.2	123.9	− 34	+168	+479	101.5	18.11
September	130.2	127.8	+257	+458	+375	100.0	18.38
October	127.4	124.9	+259	+489	+496	98.7	18.58
November	133.1	125.0	+470	+700	+506	98.4	18.00
December	134.3	120.7	+592	+822	+688	99.9	17.00
1983							
January							16.85

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1982							
1st qtr.				+3,194	967	2,157	
2nd qtr.	2.1	8.2	26.2	+4,535	1,344	2,210	
3rd qtr.	15.2	12.6	28.3	+4,842	1,796	2,396	
4th qtr	19.0	13.3	26.9	+5,015	2,139	2,556	
April	− 3.3	4.8	26.1	+1,648	437	730	
May	− 0.5	9.5	26.8	+1,684	478	729	
June	10.7	10.2	25.8	+1,240	429	751	
July	14.2	11.3	29.4	+1,369	691	703	
August	17.5	12.3	28.6	+2,034	437	853	
September	14.2	14.0	28.8	+1,418	668	840	
October	24.0	18.2	32.4	+2,850	886	808	
November	17.4	12.2	25.4	+1,115	763	874	
December	15.9	9.8	23.2	+1,068	490	874	
1983							
January	7.6	4.3	7.0	+ 891	391		

INFLATION—Indices of earnings (Jan 1975=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1982							
1st qtr.	216.6	238.2	234.3	311.6	297.7	242.40	91.1
2nd qtr.	222.7	240.0	238.2	321.6	304.1	233.48	90.3
3rd qtr.	227.8	244.9	242.0	323.9	297.0	228.88	91.4
4th qtr.	231.4	250.8	246.8	325.4	298.5	238.84	89.2
April	219.6	239.2	237.0	319.7	302.6	246.84	90.0
May	222.5	237.7	238.3	322.0	305.6	237.39	89.9
June	226.0	243.2	239.2	322.9	304.1	233.46	91.1
July	230.3	245.0	241.0	323.0	299.5	229.51	91.2
August	226.9	244.1	241.7	323.1	295.5	229.60	91.4
September	226.2	245.0	243.2	322.9	295.9	228.56	91.7
October	228.0	246.1	245.1	324.5	296.5	227.18	92.5
November	232.0	252.6	246.5	326.1	298.8	228.03	89.5
December	234.2	255.7	248.9	325.5	300.1	238.84	85.6
1983							
January		260.7	250.1	325.9	301.8	255.45	81.9

* Not seasonally adjusted.

MINING NEWS

Share market takes a tumble

BY GEORGE MILLING-STANLEY

THE MARKET in mining shares, especially South African gold producers, has been looking increasingly nervous for the past few weeks—ever since, in fact, gold bullion broke through the psychologically significant $500-per-ounce level on the last day of January.

Until that point, the FT Gold Mines index had seemed to want to go in only one direction, spiralling upward from 400 in November to over 700 last week.

Once gold reached $500, but seemed incapable of making any decisive progress beyond that, investors began to over-react to tiny movements in the bullion price.

This produced a series of increasingly wild gyrations in the index, always a good indication that investors are unsure of their ground.

The first clear signal for some time came with the recent oil price reductions, BNOC's £3 a barrel, rapidly followed by Nigeria's $5.50 cut.

Speculators in gold, reasoning that a rising oil price had been inflationary and therefore bullish for the gold price, and thus that a falling oil price would be the reverse, rushed to sell on Monday, and the gold price dropped $16.50.

Holders of gold shares followed suit immediately, and the index slumped.

The heavy selling of both the metal and the shares continued yesterday, with bullion down a further $15.50 to $472.50 and the share index registering a decline of 40 points, for a two-day fall of 77.6.

Price reductions of between £3 and £4 were common to recent high-fliers such as Vaal Reefs and Randfontein Estates, and the damage was not confined to South African issues.

Homestake Mining, the biggest gold producer in the U.S., lost £2½ to £38½, while Australia's Gold Mines of Kalgoorlie and Central Norseman each gave up 60p.

Most leading base metal prices reacted similarly on Monday and yesterday morning, but by the afternoon the belief began to take hold that lower energy costs could be just the thing to spark off the long-awaited revival in economic activity, and the metals staged a good rally.

That process will, of course, take some time before it has any real and lasting impact on base metal prices.

There is another factor that some sellers of gold and gold shares may have overlooked: this is the problems that lower oil revenues will have for countries such as Mexico and Venezuela, which already have financial problems.

Once this realisation permeates investors' thinking, it will resurrect the spectre of the problems which the default of a big sovereign borrower would pose for the world banking system.

This was the main factor behind the advance of the gold price from last summer's nadir of $296 to recent levels, and the problem has by no means disappeared. If anything, lower oil prices could make a default more likely.

The share market was due for a correction, and the last two days have provided one. If the downward trend persists, it will soon start to look overdone, and could present good buying opportunities.

Oakbridge looks for better second half

HIGHER INTEREST charges and an increase in the tax provision have caused a slight decline in net profits of Oakbridge, the Australian coal and tin mining and industrial group, in the half-year to December 31.

The group, in which South Africa's Gencor has a 12 per cent stake, had net profits for the period of A$5.3m (£3.3m), compared with A$5.5m previously, reports **Lachlan Drummond in Sydney.**

The interim dividend is an unchanged 3.5 cents a share, from earnings of 6.1 cents against 6.4 cents last time.

Sales revenue is shown 6.6 per cent lower at A$74.5m, partly because of the production quotas imposed by the sixth International Tin Agreement.

Mr Grahame Mapp, Oakbridge's chairman, expects coal sales from the mines in New South Wales to show strong growth in the remainder of the year as the group will benefit from increased ship loading capacity at Port Kembla. This should ensure a reasonably satisfactory result for the full year, he said.

Late last year, the chairman forecast a 25 per cent rise in coal sales, and he expects this to offset any pressure the current comparative weakness of world coal demand may put on profit margins.

Mr Mapp took his by now customary swipe at officialdom, pointing out that government charges have reached a level where they account for no less than half of average selling prices for the company's coal.

He went on: "The state government is in a virtual monopoly position with regard to rail movements and port loading, and surely has an obligation to provide these services on a commercial basis."

Mr Mapp also repeated his call, made at last year's annual meeting, for the Federal Government to prevent what he called "unnecessary" price-cutting by Australian companies for short-term benefit.

This, he said, could have an adverse effect on the long-term contracts of established coal exporters such as Oakbridge, and thus on the national economy as well.

Canada's golden Cadillac

CANADA's small **Dumagami Mines** hopes to bring its gold property near Cadillac, north-western Quebec, into production by early 1985.

Dumagami is currently arranging finance for the project, with total costs now estimated at C$28.2m (£15m), reports **John Soganich in Toronto.**

Apart from the open-pit mine, this sum should cover pre-production and development expenditure, a mill on the site with a design capacity of 1,000 tons of ore a day, and a provision for working capital.

Present indications are that C$15m of the required funds will come from an issue of new shares, with the remaining C$13.2m from a combination of bank borrowings and the internal cash resources of Dumagami's major shareholders.

These include **Noranda Mines** with 31 per cent, **Mentor Exploration and Development** with 23 per cent and **Agnico-Eagle Mines** with 14 per cent.

Recoverable reserves are estimated at 2.5m tons, grading an average of 0.09 ounces (2.8 grammes) of gold and 0.24 oz (7.5 grammes) of silver per ton, and 0.13 per cent copper.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Elbief, FII, Telefusion.

Finals: Cardinal Investment Trust, Imperial Chemical Industries, Leopold Joseph Sterling Fund, New Darien Oil Trust, St Andrew Trust, Ward Holdings, West Coast and Texas Regional Investment Trust.

FUTURE DATES

Interims:

Bracken Mines	March 2
Fleet Holdings	March 8
Kinross Mines	March 2
Leslie Gold Mines	March 2
Mitchell Cotts	March 3
Unisel Gold Mines	March 2
Winkelhaak Mines	March 2

Finals:

Grindlays	March 1
Isle of Man Enterprises	March 4
Royal Dutch Petroleum	March 10
Shell Transport and Trading	March 10
Silverthorne	March 1
Stockholders Far East Invest.	March 4

Interest rate fall hits Eleco

BY OUR FINANCIAL STAFF

DESPITE a 30 per cent increase in rental income, taxable profits of construction, engineering and property group Eleco Holdings fell from £734,000 to £642,000 in the first half to December 31 1982.

This stemmed from a drop in earnings from money on deposit, due to the sharp fall in interest rates, and capital expenditure on developments.

Trading profits were roughly unchanged at £380,000 (£382,000) while net rent and interest together fell by £90,000 to £262,000.

The interim dividend is being maintained at 1p net per 10p share. Last year a total of 3.5p was paid from pre-tax profits of £1.56m.

Looking to the immediate future, Mr Frank Webster, the chairman, says trading profits should remain comparable with last year and rental income should continue to rise.

However, he feels the outcome of the current year is unlikely to exceed that of the last 12 months, depending on the rate of new lettings.

By the year-end, he says, new electronic products for the domestic market from the engineering division will start to come on stream and their introduction could have a material effect on the division's results.

In the longer term, the group's prospects are encouraging, he adds.

Sales advanced from £8.38m to £8.94m. Tax took £100,000 (£125,000) leaving attributable profits of £542,000 (£609,000). After dividends of £149,000 (£146,000) the retained balance came out at £393,000 (£463,000).

■ ELECO HOLDINGS

Construction engineering and property

Half-year to Dec 31	1982	1981
	£	£
Sales	8.94m	8.38m
Pre-tax profit	642,000	734,000
Tax	100,000	125,000
Attributable profit	542,000	609,000
Earnings per share	–	–
Dividend	1p	1p

books

FOR THE BUSINESSMAN

THE OFFICE OF TOMORROW

Automation not an easy path

The Electronic Office: A Guide for Managers
by John J. Stallard, E. Ray Smith and Donald Reese. Dow-Jones Irwin 1983.

USING COMPUTERS to underpin the work of an organisation imposes a discipline that is absolute — much more so than, say, driving a car. Failure to carry out the computing equivalent of a glance in the rear view mirror inevitably leada to trouble.

The various departments which make up any organisation take to the constraints with varying degrees of enthusiasm. Departments like finance and accounting, bound inevitably to work that is organised, well defined and based on the manipulation of figures (which imposes its own discipline), take to automated data processing comparatively easily. The computing glove fits well.

But the office? That hand has five thumbs. The kind of disciplined approach which is the staple of accountancy is alien to most other sections of the company. In *The Electronic Office*, Professors Stallard, Ray Smith and Reece observe: "In an automated office a systems approach is necessary to provide the increased productivity and to maintain consistency and quality."

Quite so. But how best to impose systems thinking on groups who in many instances pride themselves on their independence both of thought and *from* machinery? Foreign exchange dealers are a case in point. It is easy to convince these specialists they should use video displays which provide them with the necessary data to give them the edge when dealing. Persuading them to use keyboards to enter the details when the transaction is completed is quite another.

The consequence is a host of books, reports and studies from equipment suppliers, consultants and academics (of which *The Electronic Office* is an example) setting out rules to be followed to achieve successful office automation. They are rarely riveting reading. Professor Stallard and his co-authors have produced what is basically a series of check-lists for managers entrusted with choosing and installing automated office equipment such as word processors, electronic mail systems, records management and the like.

The work is thorough but staid. It conveys the feeling that it was written as a set course text rather than out of any enthusiasm for the business of office automation. (I may be old fashioned but the idea of three professors of office systems management, as these authors are, in the same department of management made me wince.)

But they make a number of common-sense suggestions about the choices to be made between electronic systems and manual systems. A chapter devoted to written communication emphasises the importance of keeping check on the volume of written material generated: "Too many letters, memos and reports are written. Replies are written when no reply is required and the habit of preparing certain documents remains long after the original need for those documents has ceased."

Inevitably, there are lists of points to be observed when writing or dictating, together with a model questionnaire designed to check the efficiency of a written report.

There are six appendices listing guidelines and setting out model evaluation questionnaires.

But if *The Electronic Office* is detailed on the how of office automation, it is no better than any other text on the why. It provides advice for action while assuming that cost benefits will be achieved. "The automated office does hold a key for increasing the productivity within the office—but the demands of the automated office will bring about changes in the way of business executives and support personnel," the authors affirm, while asking management to spend more than the current average $3,000 investment per worker.

Management, it seems, will need far more than faith in an electronic future to accept these urgings and that it is one reason why the electronic office is still the office of tomorrow.

ALAN CANE

MORE ABOUT TAX HAVENS

Islands some leagues apart

Commercial Law of the Cayman Islands
by Ian Paget-Brown. Woodhead-Faulkner. 233 pages. £28.

Jersey: A Low Tax Area
by Mark Solly. Tolley Publishing. 323 pages. £15 paperback; £18 hardback.

TAX HAVENS have been in existence for decades but their renewed popularity can be measured by the flood of technical books now emerging to itemise their attractions. In practice each individual haven has little to offer that is startlingly new or original. The main ware on display is minimalism; little or no tax, simple and undemanding commercial law, no answers for snooping foreign tax authorities.

From the potential users' point of view the main issue centres on how to switch funds or profits from a high tax area to a favoured haven—and it looks as if it is becoming much easier to make the switch. Mr Paget-Brown points out that the 2,000 or so companies registered in the Cayman Islands in the early 1970s grew to 14,391 by the end of 1981. In Jersey new company registrations have also been on a rising trend, with more than 2,000 recorded in 1980.

In its recent consultative document "The Taxation of International Business," the Inland Revenue unveiled the conclusions of a survey into how British companies have been using havens to accumulate income for the investment of surplus funds free from UK tax. The devices embrace "money box"; "dividend trap"; captive insurance; sales, distribution or service; patent holding companies.

Under the "money box" method a UK company with surplus funds puts those funds into a low tax company, possibly by subscribing for shares in it. The funds are invested—possibly in the UK—and the return will be lightly taxed.

To set up a "dividend trap," holding companies are established in a tax haven between the multinational parent and an overseas subsidiary. The holding company "traps" the dividend, which then becomes available for the use of the group without a significant tax charge.

A captive insurance company is a subsidiary of a UK company which takes on, and re-insures the parent's insurance risks. The premium paid by the parent will normally be deductible in computing taxable profits but no UK tax is payable on the captive's profits. Moreover, income arising from the investment of the captive's funds may be accumulated without a tax liability.

A multinational might divert income to an overseas subsidiary in a tax haven which ostensibly provides a sales, distribution or other service. More often than not the contribution from the subsidiary is minimal but the payments made to it will reduce the UK tax liability and not be taxed in the haven.

Similarly, companies can be established in tax havens to hold patent rights and receive royalty income.

The Revenue points out that some of these companies may well be in tax havens for genuine commercial reasons. Certainly most books on individual havens tend to play down intimations of tax avoidance.

Mr Paget-Brown's contribution to the oeuvre, however, is more candid than most. The advantages of using the Caymans for most of the devices pinpointed by the Revenue are spelled out, with a few useful additions. These include the benefits of finance subsidiaries for issuing bonds without a withholding tax liability on interest payments, and the "money box" potential for shipping companies.

The 1976 law on confidentiality acts as an essential backstop. While those conducting offshore business must ensure that their activities abroad do not infringe the regulations of other jurisdictions "it should be made clear that a tax offence in other countries is not an offence in the Cayman Islands."

Mr Solly is considerably more circumspect. While he runs through the background legislation competently enough, many readers will miss the specific guidance they are no doubt seeking. Perhaps Mr Solly's position as Assessor of Income Tax in the Isle of Man has cramped his approach.

DAVID FREUD

THE HONDA STORY

Motor group and its founders

Honda Motor: The Men, the Management, the Machines
by Tetsuo Sakiya. Premier Book Marketing. 241 pages. £10.45.

WHEN World War II ended Takeo Fujisawa, obviously a man with an eye for the main chance, bought a forest because he reckoned that a great deal of lumber would be needed to reconstruct Tokyo.

About the same time Soichiro Honda sold the piston-ring manufacturing business he had built up during the war and collected the present-day equivalent of around $800,000. He spent $17,000 on a large drum of medical alcohol, installed it at his home "where he made his own whisky and spent the next year partying with friends and playing the shakuhachi (a Japanese wind instrument)."

The two met in August 1949 when Honda was 42 and Fujisawa 38. Almost immediately they joined forces to set up Honda Motor. Neither man had much formal education. Yet by all accounts Honda is an engineering genius—although his concept of man management in the early days was to hit on the head with a wrench any employee whose work failed to please.

Fujisawa's expertise, fortunately in view of Honda's approach, was in corporate management and strategy. Honda took no part in board meetings, even in the early days, and Fujisawa gave up attending after 1964.

By "taking different routes to the top of the mountain" they pulled Honda Motor through various crises and 25 years later when they retired together they handed over to a thoroughly professional management a company that was in reasonable health and the most internationally minded of the Japanese vehicle groups.

From these facts, gleaned with some trouble from Tetsuo Sakiya's tome, we can see there is a fascinating book to be written about Fujisawa and Honda as individuals. But though the author apparently spent some time with them, he has given up the chance in order to jumble up their personal histories with dissertations on Japanese politics, economics, culture and psychology.

In the event, the material is so badly organised that it is a real slog to wade through it. It follows no obvious chronological pattern nor sticks to one subject at a time.

As a result the book will disappoint most people whether they be interested in the men, the management or the machines.

KENNETH GOODING

LAYMAN'S GUIDE TO CURRENCY DEALING

Livelier market than portrayed

Introduction to Foreign Exchange
by Rudi Weissweiller. Woodhead-Faulkner. £5.95.

FOREIGN EXCHANGE is fun. Anyone who has ever been in the dealing room of a large bank can testify to that peculiar whiff of excitement as exchange rates career up and down, dancing to the tune of traders who quite literally at times control the destiny of governments and even nations. And they're at it all the time. From Tokyo in the morning to San Francisco in the evening—round the clock—foreign exchange dealers are making money, revelling in what one senior banker once described to me as "that unique sense of hitting the jackpot."

Of course the whole business has its own mystique, its own customs, even its own language. "Cable" to a foreign exchange dealer does not mean a telegram; it means the rate of exchange for sterling in U.S. dollars. That this rate in the last three years has moved in a range of roughly 2.50 to 1.50 testifies to the degree to which money can be made and lost by dealing in foreign exchange—and this is where Mr Weissweiler's book comes in.

It purpose, according to the author, is to explain why the foreign exchange market exists and how it works to those whose job brings them into contact with the market, not as professionals but as people whose business or political decisions must be influenced by foreign exchange considerations.

The need for such a book is undisputed. Even those of us whose actual involvement with foreign exchange is limited to picking the right moment for buying travellers' cheques ahead of our next holiday abroad know how agonising such decisions can be. How much more so for the businessman who finds himself buying and selling goods abroad for the first time. This involves complex decisions which Mr Weisweiller tackles with commendable attention to technical detail.

My reservation about the book, however, is that its description of the market is too ponderous. Its plodding tone in no way keeps pace with the vitality of the market. One even fears it could deter the novice from wanting to find out more about a market that is, as we have said, not only fun but intellectually challenging as well.

Of course such a criticism comes naturally from a journalist whose natural inclination is to look for the racier side of things. To such a reader it smacks of banality to read in Mr Weisweiller's book that a small businessman from the north of England stands to lose all his potential extra profit on a foreign exchange deal by spending hours on the phone shopping around for the best price from banks in London: but this is still practical advice for such a businessman who is, one assumes, the principal target reader of this book.

All the same one suspects that the curiosity of such a businessman must extend to subjects not adequately covered by this book. Mr Weisweiller goes to some lengths to explain the relationship between spot exchange rates, Eurocurrency deposit rates and the forward market. Why, however, is a full chapter devoted to the defunct sterling area, a thing of the past, when financial futures, very much a thing of the present, are dismissed in two pages?

At the end one is left with the feeling that this book should either have been shorter, confined to technical advice for the businessman, or longer, a broad-brush lively portrait of a market and its history.

PETER MONTAGNON

The Gilt-edged Market 1983
Compiled by Wedd Durlacher Mordaunt and Co. Available from Howard Jones, 7 Bermondsey St., London, SE1 2EJ. £27.50 (limp covers). £31 (hardback).

THIS IS the 38th annual edition of the most comprehensive guide to the gilt-edged market available, including various local authority, Commonwealth Government and Irish Government issues.

Stocks and bonds are listed in order of maturity all the way from 1983 to 2031, plus the irredeemables, and there is also an historical record of the redemption or conversion of earlier stocks from 1946 until 1982. A feature of the new edition is the resurgence during 1982 of Commonwealth issues in sterling, which rose sharply to £315m, more than four times the 1981 level.

100 YEARS OF TELECOMMUNICATIONS

Topsy-turvy tale of changing ownership

Power of Speech: A History of Standard Telephones and Cables 1883-1983
by Peter Young. George Allen and Unwin. 220 pages. £9.95.

MOST CORPORATE histories have their beginnings in a small independent company and ending in a swallowing up by a global multinational. With Standard Telephones and Cables the pattern has been curiously topsy-turvy.

The company began 100 years ago as the UK branch of an American concern, Western Electric. In 1925 the ownership changed but remained American, when International Telephone and Telegraph bought STC's parent International Western Electric from American Telephone and Telegraph. By the late 1970s the American ownership became such a dubious asset that STC went public through the sale of 15 per cent of its share capital in 1979. More shares were sold last autumn, so that STC will celebrate its centenary this year in the first flush of an entirely unaccustomed independence.

As Peter Young's history of STC makes clear, for much of the company's earlier life the American connection was a considerable advantage. It gave the company access to the much greater technical resources of Western Electric, although management interference was rarely very prominent.

By 1919, however, political considerations were becoming more obvious. In that year Western Electric made a serious mistake in proposing to manufacture in Antwerp exchange equipment for the British Post Office. It had to change tack and although it retained a position in the UK market its share slipped to 25 per cent and later to 20 per cent in 1927 when a fifth domestic manufacturer came in.

For many years the manufacturing "ring" ensured good profits which underpinned many other STC activities. But mergers strengthened the positions of GEC and Plessey, so that by the late 1960s they had 40 per cent each of the public switching business, with STC as the smallest participant. Later on STC's pioneering efforts with the TXE4 exchange led to a rise in its market share to 35 per cent by 1979.

But last year STC pulled out—or perhaps was squeezed out—of the more advanced System X programme and although it retains transitional TXE4 orders for at least 5 years, its long-term future is more than ever uncertain. So it was timely that last year STC at last became truly British and could no longer seem—as its competitors had often argued—only a front for the Americans.

Mr Young suggests, however, that the influence of the U.S. parent on STC has usually been slight. ITT's founder, Colonel Sosthenes Behn, remained fairly distant, communicating only with the long-serving managing director, Tom Spencer. By the 1950s, in fact, STC had become sleepy and complacent.

But in 1959 the U.S. arrived in earnest in the shape of the legendary ITT boss Harold S. Geneen and his henchmen. The shocked British managers were forced to accept innovations like cash flow analysis and five-year plans and were subjected to inquisitions by psychologists and management consultants. Somehow many of them survived.

Peter Young has not quite been able to overcome the common failing of most official corporate historians, in that they are stronger on neutral fact than on personalities; people like Behn are disappointingly shadowy. Still, the author is by no means afraid to be critical at times.

He leaves STC a majority-owned British business having solved "a problem of identity that was as old as the company." The future now looms with technology racing ahead but with no wealthy parent and no assurance that the comfortable British Telecom manufacturers' "carve-up" will persist for very long. Peter Young concludes: "More is likely to happen to the company in the next few decades than in the whole of its first century."

BARRY RILEY

books

FOR THE BUSINESSMAN

THE WORLD OF U.S. CORPORATE LAW

Discreet force in power battles

The Partners
by Jamee Stewart. Simon and Schuster, New York. $16.95

THE GLAMOUR boys in the world of corporate finance are to *be found* these days *in the* merger and acquisition departments of Wall Street's major investment banks. A recent issue of *Fortune* magazine featured dramatic photographs of the big stars, looking for all the world like deodrant advertisements in one of the more progressive ladies' magazines. The latest tricky exploits of the boys at First Boston are on everyone's lips and takeover battles have become the subject *of prime* time television.

Sitting at the same tables as these highly visible individuals are members of another profession who almost oever make the headlines. Occasionally you may come across a mention of Mr Josepb Flom, the demon takeover lawyer who appears to be paid retainers by everyone on the offchance that he might otherwise turn up one day in the oppositioo camp. But mention of the names of the really elite corporate law firms in New York—such as Sullivan and Cromwell, Davis Polk and Wardwell, or Cravath, Swaine and Moore — will draw blank stares even within the financial community.

They like it that way. In the words of the partner of one big firm, "Discretion is essential. Clients never even bave to esk for confidentiality. We assume that our clients doo't even want it known that they are consulting counsel."

That in itself is enough reason to welcome *The Partners* an entertainingly gossipy account of America's most powerful law firms. The author is James Stewart, a gamekeeper turned poacher who moved through Harvard Law School and a spell at a blue-chip law firm to become a writer at *American Lawyer*.

The book is built around the role played by various firms of corporate lawyers in eight major financial events. The most interesting of these are the negotiations leading up to the release of the American hostages in Iran, the anti-trust attack on IBM, the Westinghouse uranium case, the Chrysler refinancing and the Kennecott bid battle.

There are several recurring themes. One is that the big firms are by no means passive observers of the dramas which rage around them. To judge by Stewart's account, for instance, partners in Shearman and Sterling played a decisive part in putting together the package which brought the bostages home. Westinghouse was not at all too keen to take action against the uranium cartel until it was finally urged into battle by the Chicago firm of Kirkland and Ellis.

Another theme is the extent to which the representation of major corporate clients is concentrated within a small bandful of major firms, all of which bave broadly similar cultures. According to Stewart, "at nearly all of the largest, most important and most complicated financial transactions and conflicts which take place, partners from the same small group of elite law firms are present."

No firm founded since World War II has managed to enter the top rank and all the top names cultivate a similar style which is expressed in "the tastefully conservative, even faintly sbabby, office decor: in the oil portraits of the long-dead founding partners; in the prestige addresses." Most of these firms now hire lawyers who are Jewish, black and/or female but it is still a lot easier to get on if you wear a button-down collar and come from one of a half dozen law schools.

The big firms act for the wealthiest clients and frequently at moments of life and death, wben little metters such as a legal bill for a few million dollars are of secondary importance. Stewart was once an associate of Cravath, Swaine and Moore and he gives a breathtaking account of the resources which were available to that firm when it was fighting off the anti-trust cases against IBM.

About 1,000 pages of material were assembled for the cross-examination of just one key witness, for instance. In the words of a frustrated lawyer who had attempted to take up the cudgels against IBM: "I had oever eocouotered anything like that in my life. The sheer manpower that took, the cost, I just felt overwhelmed. I bave often wondered how they could operate if the client imposed any cost control at all. They buried us with paper."

To judge by this account, the outcome of a legal dispute can *be significantly* influenced by the volume and quality of resources behind the firms fighting the action. What is depressing is the oumber of occasions wben these resources appear to bave been squandered oo cases which might have been resolved at least as satisfactorily by a measure of commonsense.

Stewart occasionally gets carried away with his story and sometimes uses throwaway lines that would thrill the old Londoo partnership of Sue Grabbit and Run. Thus one major firm is said to be willing to go "to the very limits of ethical propriety, if not beyond," while a member of another big firm is "notorious for short hours and long weekends."

He also makes the odd silly mistake, which undermines his credibility with the lay reader. BP is not simply one of Sohio's "world rivals," and Lord Shackleton does not spell his name like a German cough drop.

All the same, this book will probably become required reading for anyone who may one day have to mix it with the big firms oo Wall Street.

RICHARD LAMBERT

AMERICA'S ELITE CORPORATE LAW FIRMS

NAME	LOCATION	KEY CLIENTS	NOTES
Cravath, Swaine & Moore	New York	IBM, CBS, Chemical Bank	The archetype of elite corporate firms
Davis Polk & Wardwell	New York	ITT, LTV, Morgan Guaranty	Long known as the top "white shoe" firm
Debevoise & Plimpton	New York	Chrysler, Prudential	A relative oewcomer; strong in corporate
Donovan Leisure Newton & Irvine	New York	Mobil, Westinghouse	Litigation strength, firm's standing threatened by Kodak
Kirkland & Ellis	Chicago	Standard Oil (Indiana)	Awesome reputation in litigation
Milbank, Tweed, Hadley & McCloy	New York	Chase Manhattan, the Rockefellers	Pre-eminent in trusts and estates
Pillsbury, Madison & Sutro	San Francisco	Standard Oil (California)	The established West Coast firm
Shearman & Sterling	New York	Citibank, United Technologies	The ultimate banking firm
Simpson Thacher & Bartlett	New York	Manufacturers Hanover, Gulf & Western	On the rise; strong banking and corporate
Sullivan & Cromwell	New York	Exxon, General Foods, GE	The quintessential business practice

APPOINTMENTS

Managing director of Griffin Factors

Mr John D. Jeeques, at present manager of Midland Bank's Fenchurch Street branch, has been appointed from March 1 managing director of GRIFFIN FACTORS current asset finance arm of Midland Bank's forward trust group. *He succeeds* **Mr P. M. Annington**, who has been appointed regional director of FTG's midlands region while remaining a non-executive director of Griffin Factors.

★

Mr Robert G. Little has resigned as property manager of British Rail Pension Funds. From March 1 he becomes managing director, DARCON PROPERTIES, property development and management company in the H. Webb (Construction) Group.

★

Mr Kit Hunter Gordon has joined J. Rothschild and Co. as a senior executive of AURIT SERVICES. He was formerly with Morgan Guaranty where be was a leasing specialist concentrating on international, project and cross border lease financing.

★

ALPHA-BETA, formed last November, has appointed **Mr Walter J. Evett** as managing director. He was technical director of Savilles Hydrological Crpn and a director of the food and brewing development group of Brent Chemicals International. **Mr Arthur Meaton** becomes finance director. He was financial director of Savilles Hydrological Crpn from 1975 until 1981.

★

Mr John Cawte, for the last 17 months in charge of CUPRINOL's chemical specialities division, has been appointed managing director. He takes over from **Mr Bill Collins**, who remains chairman. Cuprinol is a subsidiary of Berger Jenson Nicholson. The Cuprinol chemical specialities division and the wood care division are to be jointly managed by **Mr Syd Forshaw** who becomes sales and marketing director, consumer divisions.

★

Sir Nicholas Henderson has been appointed to the board of HAMBROS.

★

CHARLES BARKER CBC has elected two members of its creative department to the board from March 1. They are **Mr Norman Mingay**, head of the art department and **Mr John Ward**, director in charge of Charles Charles Barker Design.

★

Mr Richard M. Strong has been appointed a director of CHARTERHOUSE DEVELOPMENT CAPITAL.

★

New managing director for ESAB LIMITED is **Mr John G. Wilkinson**, previously the managing director of the welding division of GKN. He has been involved in the transactions on the takeover of GKN's welding activities by ESAB in the UK and Europe. His appointment will not only entail the operation of ESAB Limited but also the co-ordination of all ESAB's activities in the UK, particularly companies he headed as managing director of GKN's welding division, and will include Hancock Cutting Machines.

★

At R. LAYTON AND CO., stockbrokers, **Mr Michael Alfred Salmon** will be joining the partnership on March 7. On April 23 **Mr Anthony Reginald Beale** and **Mr Phillip Stuart Arghebant** who are already associated members, join the partnership. **Mr David Leonard Alderson** and **Mr Humphrey Charles Gentilli** will be retiring from the partnership on April 22.

★

Mrs Ruth Harvey has been appointed assistant group sales director of *ROGERS AVIATION*, Bedford.

★

Mr Jasper Archer, a director of CHARLES BARKER LYONS, has been appointed head of the company's financial division in succession to **Mr Anthony Cardew**. **Mr Cardew** and **Mr Joscelíne Grove**, directors, are leaving to join GRANDFIELD RORK COLLINS FINANCIAL.

★

Mr David Teague has been appointed director for CONDER ELECTRONICS, a new division of Conder Hardware, Winchester. He was previously marketing director of Westair Dynamics.

★

Mr Michael B. Edwards will be joining MARDON PACKAGING INTERNATIONAL as group personnel director on March 1.

★

THE BATH AND PORTLAND GROUP has appointed **Sir Christopher Leaver** as a non-executive director.

★

Mr Brian Morgan, until recently deputy managing director of Capital Radio, has joined LONDON FILMS as managing director of London Film Productions and Oak Films. **Mr David Conroy** becomes director and head of production of both companies.

★

Mr G. W. Mackworth-Young has been appointed a non-executive director of LONDON AND SCOTTISH MARINE OIL (LASMO). He is chairman of Morgan Grenfell and Co and a director of Lloyds Bank, the Union Discount Company of London, Willis Faber, Charter Consolidated and chairman of the Industrial Development Advisory Board. Morgan Grenfell has been merchant bankers to LASMO since 1975.

★

LASMO has appointed **Mr W. Robert Mendes** as general manager, production and operations, in London. He was previously manager of the London office and North Sea operations of Texas Eastern.

★

Mr Tim Steel has been appointed marketing director of DINERS CLUB INTERNATIONAL for the UK from March 1.

Corporate Account Officer International Banking

SECURITY PACIFIC is a leading international bank with assets of 37 billion dollars and nearly 700 branches worldwide.

The current requirement is for a bright and innovative banker to join Security Pacific's London based European Corporate Division. The successful candidate will be a graduate who has sound credit skills and the capacity to manage and develop significant corporate relationships in a highly competitive environment. Special consideration will be given to applicants with experience of major asset transactions.

This assignment offers excellent long term career development opportunities.

A highly attractive salary will be commensurate with qualifications and experience and we offer a full range of generous fringe benefits.

Career details should be sent to:–
Patrick J. O'Hara,
Vice President,
Security Pacific
National Bank,
2 Arundel Street,
London WC2R 3DF.

Assistant Investment Manager

KLEINWORT BENSON INVESTMENT MANAGEMENT LIMITED is seeking to expand its Smaller Companies Department by appointing an additional Portfolio Manager who has a proven record in investment management and analysis.

The successful candidate will play an important part in expanding the department's role as a service unit and will be required to make reports for senior management following company visits.

It is essential that applicants have a genuine enthusiasm for smaller company investment and the capability of combining fund management expertise with original research work.

A competitive salary will be offered, together with the usual benefits.

Please apply in writing with full curriculum vitae to:–
G. J. Hughes, Personnel Officer, Kleinwort, Benson Limited,
20 Fenchurch Street, London EC3P 3DB.

KLEINWORT BENSON
Merchant Bankers

ENERGY LENDING OFFICER

Our Client, a major U.S. bank, seeks a business development/account officer for its London Energy Team.

The ideal candidate, in his or her late 20's/early 30's, will be used to calling on clients and will have at least 3 years' experience in corporate banking including 2 years' in energy or project finance.

Essential qualities are initiative, self-motivation and a strong credit background.

A highly attractive salary package will be tailored to attract the best talent available in this sector, and therefore those candidates with more extensive experience should also apply.

Please apply in confidence, either in writing or by telephone, quoting reference ELO14628/FT. All applications will be forwarded to our Client unless you list companies to which you do not wish to apply in a covering letter marked for the attention of the Security Manager:

Campbell-Johnston Recruitment Advertising Limited

35 New Broad Street, London EC2M 1NH
01-588 3588

International Fund Management

A Senior Opportunity in the City

A member of the Accepting Houses' Committee has retained us to advise on an outstanding opportunity in International Fund Management.

The potential attached to this position within our Client's compact and highly geared International team is considerable.

They are looking for an ambitious person in their early thirties with a good degree, who has worked in this field for at least five years, both in analysis and management, and with client contact experience.

As well as an attractive salary package, there are the usual banking benefits including subsidised mortgage.

Please write to, or ring, Colin Barry or Keith Fisher at Overton Shirley and Barry (Management Consultants), Second Floor, Morley House, 26 Holborn Viaduct, London EC1A 2BP. Tel: 01-583 1912.

Overton Shirley and Barry OSB

ASSISTANT TO PENSION FUND MANAGER

An interesting opportunity occurs to work in the investment department, London W1, of a directly invested pension fund as assistant to the manager. Applicants should have both administrative and investment experience and will have a prime responsibility for the administrative aspects of the department.

Apply in writing giving qualifications, full career details, age and salary required to Box A8130, Financial Times 10 Cannon Street, EC4P 4BY

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This company, with a world wide reputation in military products and nuclear angineering is actively seeking company or "know how" acquisitions in high technology. Significant financial resources and support services are available.

The company will appoint an individual to identify and evaluate opportunities and to negotiate egreements.

Applicants will be entrapreneurs with a knowledge of the angineering industry, able to recognise opportunities and demonstrate experience in negotiating successful acquisitions.

The terms of the appointment will be negotiated and remuneration will not be a limiting factor.

Please write with full curriculum vitae to: The Personnel Director's Office, Fairey Engineering Limited, P.O. Box 41, Crossley Road, Heaton Chapel, Stockport, Cheshire SK4 5BD.

Fairey
Technology on the move

Chief Clerks/Assistant Branch Managers

The Trustee Savings Bank of Wales and Border Counties is part of a leading United Kingdom Banking group and has one hundred Branches employing approximately 1,100 Staff.

Expansion of the Bank's services has created Chief Clerk/Assistant Branch Manager vacancies within the Region.

The opportunities available will appeal to young, experienced and ambitious Bankers who are keen to match their personal development with the aims and objectives of the Bank.

Applicants (male or female) must be either qualified Associates of the Institute of Bankers or have passed at least four subjects in Stage Two of the Institute of Bankers examinations.

The salary for these appointments will be within the range of £7,700 to £10,000 per annum according to age and experience and there is an excellent range of banking fringe benefits, including a mortgage subsidy scheme, to complete a very competitive remuneration package.

Application forms can be obtained by telephoning: Bomere Heath (0939) 290033 Ext. 250.

TSB TRUSTEE SAVINGS BANK
of Wales and Border Counties

PRS

STRATEGY PLANNING

PRS is the leading British consultancy in strategy planning. Its rapidly growing business with UK and international companies now provides opportunities for outstanding men or women aged 25 to 35. We are looking for a good degree in economics or engineering or an MBA, preferably with industrial or consulting experience. Fluency in European languages, particularly German, and numeracy would be advantageous.

PRS works on stimulating assignments with the chief executives and planning directors of major companies, usually on a long-term basis. Most studies are European or world-wide in scope so a willingness to travel is essential.

PRS is owned by its staff. Rapid promotion to director and shareholder will be achieved by those who contribute to our continued success. Salary will be appropriate to the high calibre of person required. Send CV and photograph to:

John Martin, Managing Director,
PLANNING RESEARCH + SYSTEMS LTD
24 Old Bond Street
London W1X 3DA

Bankers Trustee Company Limited

Trust Officer

London

Bankers Trustee Company Limited is an English trust corporation and a wholly-owned subsidiary of Bankers Trust Company, a leading international wholesale bank, with headquarters in New York. Bankers Trust Company employs over 700 people in London and has been established here for more than 50 years.

Applications are invited for the position of Trust Officer carrying the title of Director, responsible for the administration of the company's Trustee appointments. The person selected would also be an Officer of Bankers Trust Company and have additional responsibility for the administration of Agency business, handled by the Corporate Trust and Agency Group.

Experience and a detailed knowledge of all aspects of trust administration, particularly in the area of debentures, loan stocks and eurobonds is essential. It is expected that the successful candidate will currently have a responsible position in the Trust Department of a major bank or insurance company.

A competitive salary will be offered commensurate with qualifications and experience, plus an excellent package of fringe benefits.

Please send a comprehensive Curriculum Vitae, including your current salary, to: Mrs. Patricia Kendall, Personnel Division.

Bankers Trust Company
Dashwood House, 69 Old Broad Street, London EC2P 2EE.

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City of London **circa £17,000**

A challenging task for an experienced analyst/programmer to lead a team developing a new fund management and investment valuation system.

Reporting to the Investment Systems Manager of a leading merchant bank, the title is Group Leader and the job entails ● control of the team's work ● progress reporting ● system design ● program design ● user liaison. Hardware includes Univac mainframes, Xerox laser printers and micros on local area networks.

Candidates should have experience of the investment management environment, as well as of a computerised valuation system and of project leadership.

The package is attractive and includes a mortgage subsidy, profit sharing by equity participation, non-contributory pension, free life assurance, BUPA, interest-free season ticket loan and relocation expenses if appropriate.

Write to Mike Waite, SMF Data Services Ltd, 6 Salem Road, London W2 4BU. Tel: 01-229 9431.

S.M.F. DATA SERVICES LIMITED

Banking Personnel

The Executive Banking Appointments Specialists

SENIOR FOREX/EUROBOND TRADER

Age to 40 : Salary £20,000+

On behalf of our client, an established foreign International Bank we invite applications for this new position of Senior Trader. Candidates should be in the 30 to late 30s age group and have a very broad ranging trading background covering all major currencies, F.R.Ns, F.R.C.Ds, Money Market Operations and Fund Management. The post is at management level and will complement the bank's expansion programme which in turn offers the successful candidate long term prospects.

CORPORATE FINANCE. QUALIFIED A.C.A.

Age to 30 : Salary £16,000

As part of their current and projected expansion plans within the Corporate Finance sector, this major City Merchant Bank seeks to appoint a fully qualified Chartered Accountant with at least two years' post qualification experience in banking or a similar financial environment. The successful candidate can expect a rewarding management level start and sound long term career progression.

For further details please contact Lewis Marshall in strict confidence

41/42 London Wall, London EC2. Tel: 01-588 0781

Hambros Bank Limited

Senior Eurobond Trader

A senior Eurobond trader is required to assume the day-to-day responsibility for the market-making and dealing activities of the Bank in the U.S. dollar fixed interest market.

The Bank requires a person with a proven record in bond dealing and who has worked closely with a sales team advising a wide selection of institutional clients. The person should also be capable of supervising and expanding the bond trading activities of the Bank, including the training of junior dealers. The successful applicant is likely to be in the age range 30-37 with at least 5 years' experience in a prominent eurobond house.

An appropriate salary and excellent fringe benefits will be provided for the right person.

Please apply, enclosing a detailed curriculum vitae to: G. M. Wolfson, Director — Head of Personnel, Hambros Bank Limited, 41 Bishopsgate, London EC2P 2AA.

MERCHANT BANKING

INVESTMENT MANAGEMENT

A leading merchant bank, a member of the Accepting Houses Committee, requires a Portfolio Manager to join its expanding Pension Fund Department.

The successful candidate is likely to be aged between 25 and 32, and should have had several years' experience of portfolio management particularly relating to Gilt-Edged Securities.

An attractive remuneration package will be negotiated, including mortgage facilities and non-contributory pension scheme.

CORPORATE FINANCE

Due to increasing demand for the services of its Corporate Finance Department our client, an Accepting House wishes to recruit two additional Executives.

Applicants should be aged 25 to 29, have a good degree and hold a professional qualification (A C A or Solicitor). Some experience of corporate finance work would be an advantage.

The salary offered is competitive, with fringe benefits including mortgage assistance non-contributory pension and life cover.

Please telephone, or write enclosing a detailed Curriculum Vitae to, Peter S. Latham

Jonathan Wren BANK RECRUITMENT CONSULTANTS
170 Bishopsgate · London EC2M 4LX · 01 623 1266

KITCAT & AITKEN

Food Retailing Research

We are looking for an experienced

ANALYST

to join our Retailing Team to cover the Food Retailers. The person we require must demonstrate enthusiasm and be motivated by the desire to build up this sector as part of a highly specialised team.

A competitive remuneration package will be available for the right person.

Please contact:

Alan Clifton
KITCAT & AITKEN
The Stock Exchange, London EC2N 1HB - Tel: 01-588 6280

Financial Adviser

Salary negotiable

A leading, international communications consultancy needs a specialist in corporate finance who can effectively advise client chairmen and boards of major UK companies on the complexities of the London capital market. The job will develop both US and European clients looking to expand into the UK.

The person will probably be a merchant banker, a chartered accountant or an investment analyst who is already sought after by blue-chip companies for advice on long-term strategy and tactics when considering new share issues, takeovers, mergers and the marketing of financial services and investment products.

It is a role which requires maturity of vision, strength of personality and an understanding of the communications web which prevails in the City of London. Previous contact with the financial press would be an asset.

The age range is 29-45 but due to the strong management potential of the job, candidates are more likely to be in their early 30's. The salary package will reflect the calibre of the candidate.

Please ring or write to Airdre Taylor or Annita Bennett, TAYLOR : BENNETT, Halton House, 20-23 Holborn, London EC1N 2JD, 01-242 0253.

T A Y L O R : B E N N E T T

SENIOR INVESTMENT MANAGER

A leading firm of stockbrokers wishes to appoint an additional manager at a senior level who will be concerned with the managament of a wide range of pension funds, usually on a discretionary basis.

The successful applicant is likely to be a graduate or professionally qualified and to have several years' experience of managing portfolios for an insurance company or pension fund. The preferred age range is 28-40. He or she would also be expected to take an active part in investment in United States, Japanese, and other oversea markets.

Remuneration is negotiable, and there are prospects of partnership for the successful candidate.

Please apply under confidential cover, stating any firms to which your application should not be forwarded, to Peter Jones, quoting ref. SIM.

COURTENAY STEWART INTERNATIONAL LIMITED
Management Selection and Recruitment Consultants
11 Maddox Street, London W1R 9LE. Tel: 01-629 1913.

Sales Financing Manager

Circa £15,000+Car

Our client, a major group in the automotive industry, is searching for an experienced Sales Financing specialist who will complement existing skills in its dynamic, young commercial operation.

The prime task of the Manager will be to plan and implement retail sales financing ventures in home and overseas markets. The Manager will be responsible for devising imaginative financial packages, tailored to suit customers' requirements to facilitate fleet sales and other contracts. This will involve specialised negotiations with banks, finance houses and credit insurance institutions. As the majority of the work will be concerned with exports, experience in this complex area is essential.

As well as having a successful track record in this specialised area, candidates must be prepared to undertake international travel. A background in either merchant banking or a related field would be particularly relevant. Essential personal qualities include drive, tenacity, innovative skills and a high level of intellectual ability. As this position entails substantial external contact, the successful candidate must have the presence and personality to represent our client's interests.

Prospects for developing your career beyond your specialism, fringe benefits and the relocation package are excellent. Please telephone for an application form quoting reference SFM/VL or send your curriculum vitae to John Graham. This position is open to both men and women.

Cambridge Recruitment Consultants
1a Rose Crescent, Cambridge CB2 3LL. Telephone: 0223 311316.

APPOINTMENTS WANTED

GRADUATE (Life Sciences) male, financial and business experience seeks employment in business field. Write Box A.8131, Financial Times, 10, Cannon Street, London EC4P 4BY.

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The Science and Engineering Research Council has an answer:
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They are for graduates in management and the arts, as well as science and engineering.

They will provide essential industrial or commercial training.

IT covers information acquisition, handling and use involving the latest technologies in micro-electronics, computing and telecommunications.

Applicants will need a good honours degree or an equivalent combination of qualifications and experience.

SERC's one-year studentship postgraduate conversion courses are part of an IT initiative promoted by the Department of Education and Science.

For details about SERC studentships contact:
Information Technology Studentships
Science and Engineering Research Council
Polaris House, North Star Avenue, SWINDON SN2 1ET. Telephone: (0793) 26222 Ext 2137.

DES serc

Financial Controller—City

INTERNATIONAL BANKING

FennoScandia Ltd., is a newly established joint venture banking operation, owned equally by Sparbankernas Bank, Sweden and SKOPbank, Finland.

FennoScandia Ltd. now wishes to recruit a Financial Controller who, reporting directly to the Managing Director, will be responsible for the initial development and subsequent running of financial control and accounting systems, as well as operations, administration and personnel.

This is a key appointment where personal qualities of maturity and leadership are as essential as the technical qualifications. An attractive salary and benefits package will be offered.

Full career and personal details should accompany an application and be addressed in confidence to The Secretary, FennoScandia Ltd., c/o Sparbankernas Bank Representative Office, 7 Birchin Lane, London EC3V 9BY.

FennoScandia

GRAND METROPOLITAN PLC
Consumer Enterprises

FINANCE & BUSINESS DEVELOPMENT DIRECTOR

Within the Consumer Services Sector of Grand Metropolitan, 'Consumer Enterprises' has been given the mission of identifying opportunities in retailing and the development of associated businesses.

The 'Finance & Business Development Director' will assist the Managing Director of Consumer Enterprises in his role by identifying opportunities both within and outside the existing companies in the portfolio, evaluating and pursuing realistic means of developing them, and negotiating and structuring their initial implementation.

The successful candidate could come from any number of disciplines or experience routes but would be about 35, possibly a graduate with an MBA, and would certainly possess strong finance and business appraisal skills and line management ambitions. He will not be earning less than £20,000 per annum at present.

Brand management or retail experience would be considered significant plusses but candidates would have to show experience of evaluating and negotiating new ventures and acquisitions and substantial success in the identification and bringing to fruition of new business opportunities.

All replies will be treated in the strictest confidence; they should be marked 'Finance and Business Development Director' and sent to The Corporate Consulting Group, 24 Buckingham Gate, London SW1.

CCG
Corporate Consulting Group

Business Development Manager

N.W. London based — circa £13,500+car

Grand Metropolitan Biotechnology Ltd is a member of the Grand Metropolitan Group of Companies with particular responsibility for the application of new advances in biotechnology, either in collaboration with the research units of other Group companies to their diverse interests and activities, or independently to new related business opportunities.

A Business Development Manager is being sought to be responsible for the market research, financial analyses, and business planning aspects of the potential opportunities which are arising, and thereby to assist in the decisions regarding whether or not the opportunities should be pursued.

The ideal candidate for this position will have a degree in a biologically orientated science and an MBA or equivalent qualification in business and/or a number of years of relevant experience in an innovative environment.

He/She will join the Company at an interesting early stage and will therefore have the opportunity to participate in decisions regarding the direction in which it develops in the future.

If you wish to be considered please contact Dr G Christie, Managing Director, Grand Metropolitan Biotechnology Ltd., 430 Victoria Road, South Ruislip, Middx., or telephone 01-845 2345, Ext. 3963.

Grand Metropolitan Biotechnology Limited

JAPANESE RESEARCH

SCRIMGEOUR, KEMP-GEE & CO. wish to establish a Japanese research capability to complement their U.K. research coverage.

What is required is either an existing team of three or four people or individuals who would form their own team. They would be based in London. Some experience of dealing in Japanese stocks with U.K. institutions either as a stockbroker or fund manager is essential.

This is an important new area of development for the firm and offers a chance to join one of London's most successful and profitable stockbrokers. It could be particularly attractive either to those who, although in a successful operation, see their further advancement blocked or, alternatively, those who find their present base limits the further development of their business. Both the remuneration and partnership prospects for the high quality personnel required are excellent.

Please apply, in strict confidence, to:—

I. A. K. Dipple
Scrimgeour, Kemp-Gee & Co.
20, Copthall Avenue
London EC2R 7JS

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REQUIRE

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FOR UK/EUROPE.

CONNING OVERSEAS LIMITED are recognised leaders in INSURANCE RESEARCH and are expanding into the EMERGING GROWTH sector of the U.S. stock market.

We need INSTITUTIONAL SALES EXECUTIVES in our London office
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We offer
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For further details contact
ANDREW OLIVER on 01-248 5858
or write to him at
CONNING OVERSEAS LTD.
1-3 St. Paul's Churchyard, London EC4

المؤسسة العربية المصرفية
ARAB BANKING CORPORATION A.B.C.
London Branch - Licensed Deposit Taker

We are at present engaged in the expansion of our London Branch Dealing operation and require the services of the following:

SENIOR SPOT FX DEALER

Dealer with 4 or more years' experience of active trading in an international bank environment. Preference will be given to candidates in the age group of 27/32 and those with familiarity in two or more of the major trading currencies.

SENIOR DEPOSIT DEALER

The candidate should have 5 or more years' experience of active trading in an international bank environment and be thoroughly knowledgeable in Swap dealing. Excellent salary commensurate with prior experience and the responsibilities of the position offered will be available, together with a competitive benefits package.

Applications in writing, together with current C.V. to:

The Personnel Officer
ARAB BANKING CORPORATION
6/8 Bishopsgate
London EC2N 4AQ

David Grove Associates

Bank Executive Recruitment
60 Cheapside London EC2V 6AX
Telephone 01-236 0640

CURRENT VACANCIES INCLUDE:

Credit Manager-(Fluent French)	c. £17,000	Newly Qualified ACA	To £10,000
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IN RESPECT OF THE ABOVE POSITIONS PLEASE CONTACT IOAN MENZIES ON 01-248 1858

SALES EXECUTIVE

FT Business Enterprises is a diversified subsidiary of the Financial Times. The company is committed to growth in the areas of business publishing and the provision of information services for the international business community.

An experienced Sales Executive is needed to help develop the markets for our products. He or she should be capable of representing the company at the highest level in industry and commerce and a commanding appearance with well developed communications skills are regarded as essential in this respect.

The job will entail initially the promotion and presentation of various on-line information products but the successful candidate will be expected to represent all of the company's product lines where appropriate.

The successful candidate is likely to have had at least four to five years' successful experience selling to senior management of commercial organisations in the UK. This should include time dealing with the products of service industry, preferably information-based and within the on-line area. A good educational background is essential and a university degree would be an advantage.

A high salary is negotiable depending upon qualifications and experience. Candidates should send a comprehensive c.v., including details of current salary, to:

David Hawkins, Group Sales Manager
FINANCIAL TIMES BUSINESS ENTERPRISES LTD.
102-108 Clerkenwell Road, London EC1M 5SA

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We have an impressive record of success and an acknowledged reputation in the employment market; many blue chip companies from a broad spectrum of industry and commerce retain our services in the re-deployment of their senior people. It could be to your advantage to find out more about us today. Write or telephone for a preliminary discussion without obligation.

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SENIOR ACCOUNT DIRECTOR
PUBLIC RELATIONS

The senior partner of our medium but ambitious marketing and public relations consultancy is becoming increasingly irritable and difficult to live with because he has too much work to do. His loyal staff have persuaded him to try to recruit another SENIOR ACCOUNT DIRECTOR to work with him on some of the consultancy's financial accounts.

The successful applicant will have a thorough working knowledge of the City of London, together with the ability and experience to communicate both with clients and financial journalists.

The ability to plan and structure marketing and P.R. policies for financial organisations and to prepare presentations to both existing clients and for new business is essential.

The remuneration package is negotiable but will amount to not less than £15,000 per annum. A performance based share of profits will be insisted upon by the successful applicant.

Please help our over-worked Senior Partner by sending in strictest confidence your comprehensive C.V. including details of current remuneration to.—

P.O. Box A8132, Financial Times, 10 Cannon Street, London EC4P 4BY.

International Appointments

International Corporate Audit
Brussels

Our client, a multi-market US international corporation, is seeking to strengthen its European Internal Audit Department with the appointment of two high-calibre professionals to be based at the European Head Office in Brussels.

Senior Operational Auditor £16–20,000

Candidates, 25–35, should have a recognised accounting qualification and at least 3 years' post-qualifying experience in the accountancy profession or in a manufacturing industry. The successful candidate will be responsible for conducting operationally orientated audits at subsidiary locations in Europe. There will also be opportunities to visit other parts of the world including the US. Fluency in English is essential, as is a good command of at least one other European language.

EDP Audit Specialist £18–20,000

Candidates should have at least three years' experience of performing EDP audit fieldwork in a medium to large mainframe environment, or alternatively, have experience at a senior level in developing or supporting commercial or manufacturing systems.
The responsibilities of the successful candidate will include application systems reviews, data security and control reviews, and data extraction support. Activities will be performed mainly in Europe, with occasional visits to the US.

Both positions offer excellent career prospects within line management, together with good benefits packages. The positions call for a high degree of travel (around 75%) and return fare to home base is paid every weekend. Moreover, the high travel element currently results in very advantageous tax arrangements.
Initial interviews will be conducted in Brussels and London. Applicants should contact **David Sattin on 01-405 0442** (Telex 296091) at **31 Southampton Row, London WC1B 5HY.**

Michael Page International
Recruitment Consultants
London Birmingham Manchester Glasgow

BACHE HALSEY STUART (MONACO) INC.

Seeks Account Executives with established clientele. Direct lines to London and U.S.A. Numerous financial advantages. Pleasant offices in ideal Mediterranean location.

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T. Van Essche, Manager,
BACHE HALSEY STUART,
Sporting d'Hiver,
Monte Carlo (Monaco).
Telephone: (93) 50 71 71

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01-637 7604

TREASURY MANAGER
SAUDI ARABIA

The Saudi Investment Banking Corporation (S.I.B.C.) an affiliate of the Chase Manhattan Bank, wishes to identify an experienced treasurer to join its team of professionals in Riyadh, Saudi Arabia.

The successful candidate will be responsible for managing the Bank's treasury activities including foreign exchange and money market dealings. The position reports to the Assistant General Manager, Treasury and Investment Services.

Qualifications should include at least eight years experience in a major money center dealing room, of which at least two years should have involved managerial responsibilities. Familiarity with Middle Eastern banking is desirable. Candidates should be able to work easily with a wide range of nationals and adapt to living and working conditions in the area. Fluent English is essential, and Arabic a distinct asset.

This position is offered on an employment contract basis with S.I.B.C. An attractive base salary and bonus plus a generous range of fringe benefits are included in the compensation package.

Replies, including a contact telephone number, are to be sent in strictest confidence to:

Manager, Human Resources
S.I.B.C.
P.O. Box 3533
Riyadh, Saudi Arabia.

الشركة المصرفية السعودية للاستثمار
The Saudi Investment Banking Corporation

International Finance Director

Paris FF500,000+

This expanding £100m-turnover British group specialises in consumer goods and employs some 2,500 people. It seeks an *International Finance Director* to complete its management team located in Central Paris who will soon become a permanent member of the international board. Reporting directly to the Group Managing Director and Deputy Chairman and assisted by a Treasurer and a Budget Controller, he will have functional authority over the Finance Managers of 15 European subsidiaries and be responsible for all aspects of the Group's financial and accounting matters including: centralization of the accounts and consolidation of balance sheets; budgets and cost control; treasury: exchange problems; financing operations; and relations with the London Stock Exchange and the bankers. He will also supervise the implementation of a new DP structure. This key job would only suit a top-level international financier with successful management and business experience. Candidates, aged 43-53 and preferably British, *must* be used to working with different nationalities. Knowledge of French is not necessary but would be an advantage. A very attractive compensation package, which includes a car, is offered. Initial interviews will be held in London. Please send full CV in strict confidence, quoting ref: A2292/FT, to J P Rougier,

PA Conseiller de Direction SA,
3 Rue des Graviers, 92200 Neuilly, France.

PA
A member of PA International

BARBADOS NATIONAL BANK
VACANT POST OF MANAGING DIRECTOR

The BARBADOS NATIONAL BANK requires a Managing Director.
The Managing Director will be a person of recognised standing and experience in commercial banking, business management or financial matters.
The Managing Director will be the Chief Executive Officer of the Bank and will be responsible to the Board of Directors for the execution of the Bank's policy and its day-to-day management.
Appointment to the post of Managing Director is for a period of five years in the first instance and is renewable.
The Bank operates a non-contributory pension scheme However, a contractual appointment will be considered.
An attractive salary and other conditions of employment are offered.

Applications supported by at least two (2) references should be addressed to the Chairman, Barbados National Bank, Head Office, 11, James Street, Bridgetown. Barbados, to reach him not later than 31st March 1983.

REQUIRED

COMPUTER CENTRE MANAGER

The United Arab Emirates Central Bank wishes to recruit a Computer Manager who will be responsible for:—

1. THE ESTABLISHMENT OF A NEW COMPUTER DEPARTMENT
2. THE INSTALLATION OF AN IBM 4331 SYSTEM RUNNING DOS 1 VSE AND CICS
3. THE IMPLEMENTATION OF A BANKING PACKAGE

QUALIFICATION, EXPERIENCE and REQUIREMENTS

The applicants for this position should have:

1) University degree in computer science
2) A minimum of 10 years' experience working in various areas of computer departments either as a manager or analyst programmer or in operations
3) Banking experience is preferable
4) Arab national or of Arab background speaking Arabic is an advantage
5) Salary and other benefits are determined in accordance with the qualifications and experience
6) Interested applicants should forward their applications and CVs with copies of their documents not later than two weeks from date of publication

PERSONNEL OFFICER, UAE CENTRAL BANK
PO BOX 854, ABU DHABI, UAE

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SEEKS

Super Motivated International Salesman

Must be self-starter with successful background in opening contacts and closing sales in large corporations and governments.
Intensive travelling from office in own home or small outside office.
Knowledge of a Scandinavian or other European language appreciated but not required.
Company car supplied. Attractive remuneration linked to realistic objectives. Will be employed by Swiss subsidiary of the U.S. Company and report to European M.D. in Paris.
Send c.v. to 83-703 ASSA Annonces Suisses SA
Pl. Bel-Air 2 CH-1002 Lausanne (Suisse)

Societe Financiere Du Liban S.A.L.

Directeur General Adjoint

S.F.L. is a newly created financial institution in Lebanon owned by 33 major Lebanese banks whose principal objective is to promote and develop financial markets in Lebanon.

Candidates must have had senior management experience in a major investment banking institution, covering:

—money and capital market operations
—private and public placements
—stockbroking underwriting of issues
—mergers, takeovers.

Candidates, in their late thirties and early forties, should be preferably of Lebanese nationality, with an acceptable academic background.

They should have the ability to organize and manage this organization to attain its objective. The remuneration package will fully reflect the importance of the position.

Please write in strictest confidence to P.O. Box 11. 7740 Beirut, Lebanon.

CAPITAL INTERNATIONAL S.A.

seeks

INVESTMENT ANALYST

with minimum three years' professional experience in either investment research or industry. Good English essential, other European languages and/or Japanese highly desirable, together with a willingness to travel. Swiss nationality or valid Swiss work permit desired. Capital International S.A. is part of The Capital Group, an international investment management organisation headquartered in Los Angeles, with assets of over US$10 billion under management.

Please write with curriculum vitae to:
Robert Ronus, Director
CAPITAL INTERNATIONAL S.A.
3, Place des Bergues, CH-1201 Geneva
All applications will be treated in confidence.

FINANCIAL CONTROLLER

SAUDI ARABIA Up to £25,000 p.a.

Our client is an established and influential trading group in Saudi Arabia. One of the group companies engaged in the building materials trade is currently seeking a qualified accountant who will be responsible for managing the total financial affairs of this multi-store retail business.

The main duties of the post will include the preparation of monthly and quarterly reports and statements, management and projection of cash flows, bank and credit facility negotiations and the overall control of accounts receivable and inventory levels. Special project work will be necessary, in particular the incorporation of a computerised accounting system for the company and the recruitment and training of store accountants.

A qualified accountant, aged over 28 years of age, is sought for this challenging, single status position. Candidates should possess a practical background in cost accounting with an in-depth knowledge of computerised accounting systems and their implementation. Several years at senior accountant or controller level in small to medium sized companies is necessary.

The position carries an attractive salary and a generous range of benefits including frequent home leave, free accommodation, transport and insurance.

Initially the post is on a one-year, renewable basis but a long-term commitment is sought by our client.

Suitably qualified and experienced candidates should ring P. Stacey in the first instance on 01-631 4411 or write to:

MOXON DOLPHIN & KERBY LTD.,
Quoting Ref. No. 5786 at
178/202, Great Portland Street, London W1N 5TB

INTERNATIONAL APPOINTMENTS APPEAR EVERY THURSDAY

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PER SINGLE COLUMN CENTIMETRE

ODIN
Survey & Oceanographic Company of Norway AS

ODIN Survey & Oceanographic Company of Norway A/S is a newly established company owned by Det norske Veritas, the International Ship Classification Society, and Noteby A/S, a leading Norwegian consulting firm.

ODIN offers a wide range of services within marine geophysical and oceanographic data acquisition, positioning and underwater inspection. The company has offices in Oslo and Stavanger, Norway.

To meet our expansion plans, we need experienced operators for:

GEOPHYSICAL DATA ACQUISITION

on board our seismic vessel M/V "ODIN FINDER." The successful candidates should have experience with High Resolution Digital Seismic Equipment, and in particular with DFS V.

We can offer competitive salaries, shift work on a one-month-on, one-month-off schedule in a modern vessel and in a young and growing company.

Interested candidates are requested to send c.v. as soon as possible to:

ODIN Survey & Oceanographic Company of Norway AIS
P.O. Box 2681, St Hanshaugen
Oslo 1 Norway
Tel: 02/20 41 00.

FINANCIAL CONTROLS MANAGER

Bahrain c. £30,000 + bonus

Our client is an investment bank with offices in Bahrain and London. This is a recently incorporated institution with very substantial financial backing.

The financial controls manager will report to the general manager and be based in the Head Office in Bahrain. He will be responsible for the overall accounting and reporting function of the corporation. Initially, particular emphasis will be placed on the development of budgetary control, implementation of the corporate information system, tax structuring and the design and implementation of relevant data processing systems. The appointment gives involvement at senior level in a new enterprise with exceptional growth opportunities.

Candidates must be qualified accountants. Experience should include a period of 3-5 years as head of the accounting and control function of a financial institution. In addition, evidence of detailed involvement in computer based system development will be required. Experience of working in the Middle East will be an asset.

The salary will be supplemented by bonus and share option schemes which together with other benefits makes an attractive total package. Applicants should send brief personal details and a career summary in confidence to D W E Apps quoting ref FT/163/A at:

E&W
Ernst & Whinney Management Consultants
Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Accountancy Appointments

Regional Assistant Controller

Europe + Southern Hemisphere

c. £22,000 + car

A major service industry, a clear corporate imoga and a leading position in the Regional markets characterise this American multinationol. The style is brisk, shirt sleeved, organised and communicative.

The Assistant Controller's role involves co-ordination at a Regional level, support for fiald operations ond on important interface with the American H/Q. The responsibilities include legal entity and management reporting; financial planning and analysis; systems; and accounting policies and standards. There is o Department of 20 people reporting through 4 direct subordinates. The base location is West of London.

Applicants should have o current knowledge of US legal entity requirements, well practiced analytical strengths and an active management style. An accounting qualification is essentiol.

Five years' recent experience in an American multinationol with o strong preference for o Service Sector business is required. Age guida: early 30's.

Applicants (male or female) should reply, in confidence, quoting reference L47, to:

Brian Mason, Mason & Nurse Associates.
1 Lancaster Place, Strand, London WC2E 7EB.
Tel: 01-240 7805.

Mason & Nurse
Selection & Search

ACCOUNTANCY APPOINTMENTS

APPEAR EVERY THURSDAY

£31.50 per single column centimetre

Career Opportunities in Oil

Central London

range to £15,000

These new positions offer an excellent opportunity to build on your accounting skills, gaining experience of the North Sea Oil industry and of US reporting techniques.

The company is a major US-owned energy corporation enjoying considerable revenues from North Sea operations. Following recent developments, activities will increase substantially, including operatorships.

The accounting group is young and professional in approach, achieving high standards through commitment and team work. You could be involved with accounting and cost control of a defined area of exploration activity, or you could participate in financial accounting or taxation.

To join this team you should be a qualified eccountant, aged mid to late 20s, with experience gained in larger companies or the profession. Personal qualities of numeracy, flexibility and anthusiasm will fit in well.

Please write in confidenca, giving concise career and personal details and quoting Ref. ER590/FT to P.J. Williamson, Executive Selection.

Arthur Young McClelland Moores & Co., Management Consultants, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

Arthur Young McClelland Moores & Co.
A MEMBER OF AMSA IN EUROPE AND ARTHUR YOUNG INTERNATIONAL

UNIQUE OPPORTUNITY £13,000

Are you contempleting that important firat move out of the profession? A major US corporation can offer a young, graduata Chartered Accountant:

- An axcellent learning environment
- A secondment to the USA
- International trevel
- Exposure to top level management
- The opportunity to learn a foreign language per year.

LONDON BASE. Ref: JG/1037H.

FINANCIAL ACCOUNTANT £12,000+Car

Basad at the busy head office of this multi-unit operation, you will have avery opportunity to develop your commercial skills. This rasponsible position offers considerable autonomy with short-tarm investments and involvement in computer development in addition to atatutory requiraments. Excellent group prospects for qualified ACA/ACCA with previous retail experience. SURREY. Ref: VMD/1055K.

MANAGEMENT POTENTIAL £11,000+Car

A challenging opportunity to join this major freight-forwarding company as the Financial Accountant. The post carries responsibility for the preparation of month and year end accounts, monitoring budgets and supervising capital investment programmes, plus full involvement with new computerised systems. Suitable candidates ahould ba qualifiad ACA/ACCA aged 25–30 with the potential to carry the role into general management. ESSEX. Ref: SC/1059G.

All applications will be treated in the strictest confidence.

ROBERT HALF

LEE HOUSE, LONDON WALL, EC2. 01-606 6771.
SEARCH & RECRUITMENT.

Accountants for Consultancy

Financial Management and Systems

Aged 28-35
London based

Our consultancy practice requires additional accountants with professional skills and personal qualities of an exceptionally high order.

The work is varied and ranges from helping to develop business strategies to installing financial planning and control systems, for all types of enterprises in Britain and abroad.

The successful candidates will be:
— graduates with an honours degree or an MBA from a major business school
— qualified accountants
— ambitious and innovative managers.

They will have had several years post qualification experience in successful, well disciplined industrial or commercial organisations. It will be of particular advantage if this experience has included the development of major computer based systems.

We are looking only for outstanding people and our remuneration package — which includes a car — is designed accordingly.

For an application form, please write in confidence, quoting reference MCIAIL, to M.J.H. Coney, 165 Queen Victoria Street, Blackfriars, London, EC4V 3PD, or telephone 01-236 3561 (24 hour service).

Peat, Marwick, Mitchell & Co.

The sign for a rewarding future.

Qualified and Part-Qualified Accountants

NEWBURY, BERKS.

Bayer UK Limited is part of the International Bayer Group marketing a wide range of products in the industrial, medical, agricultural consumer fields. The Head Office is at present situated in Richmond, Surrey but will relocate in September this year to Newbury, Berks.

As a result of this move, and the fact that there is to be a re-organisation of the Central Accounts Department to include financial accounting for all locations, the following vacancies have arisen:

Financial Accountant
Reporting to the Chief Accountant this position calls for the preparation of consolidated accounts and financial reports for the Group to meet both the UK requirements and those of our parent Company in West Germany. You will also be required to advise the Central General, Purchase and Sales Ledger sections on systems development. Supervising a small team you will also administer payroll and cashier functions.

The successful candidate will have had wide experience of financial and cost accounting, with the ability to control staff and liaise with other Divisional Management.

General Ledger Manager
Reporting to the Chief Accountant you will be required to control the General Ledger to ensure that it provides accurate information for statutory and management accounting purposes, and to assist with the preparation of Financial Accounts – for the whole of Bayer UK. In addition, you will be required to assist in the development of computerised systems and to supervise and train staff in their use. The successful candidate will have a broad knowledge of accounting principles and foreign currency transactions. Experience with Softwara International's General Ledger package would be an advantage.

Budget Accountant
Reporting to the Finance Director and Company Secretary you will be responsible for co-ordinating the preparation of the annual Group operating plans and for monitoring performance against budget for the central Service Departments. In addition, you will be required to assist the Company Secretary with his duties. You should be fully experienced in financial and cost accounting and have the ability to liaise with staff at all levels.

Purchase Ledger Manager
Reporting to the Chief Accountant, and supervising a small team, you will be required to ensure that the Purchase Ledger is correctly maintained and payments are made to suppliers in line with Company policy. In liaison with the central Computer Department you will also assist with the development of new systems, including training and documentation.

The successful candidate will have a sound knowledge of basic accounting principles, VAT regulations, and foreign currencies and will have the ability to communicate well both internally and externally. Experience with an on-line Purchase Ledger system would be an advantage.

Assistant Credit Controller
You will be required to assist the Credit Controller in the supervision of the Credit Control and Sales Ledger functions. In addition, you will assist in the collection of cash in line with Company policy.
The successful candidate—possibly a member of ICM—will have had at least 5 years experience of credit control in a large company including computerised systems and balance sheet analysis and will have knowledge of laws concerning Receivables and the workings of the Companies Act. In addition, you will have a working knowledge of Letters of Credit, Bills of Exchange, Drafts etc particularly for foreign trade.

Aged 25–35, applicants for all these positions should be self-motivated, seeking new challenges and will have had experience in the development and use of computerised systems in the relevant area of application.

Excellent salaries are offered, together with good Company benefits including pension scheme, BUPA and free life assurance. Assistance will be given with travel/transport until the move and/or relocation as is necessary.

Please write or telephone for an application form to:- Recruitment Office, Bayer UK Limited, Bayer House, Richmond, Surrey TW9 1SJ. Telephone: 01-940 6077.

Bayer
Improving the quality of life

R838

Group Finance Director

c.£25,000 **Burnley Lancashire**

The Prestige Group, one of the world's leading manufacturers and distributors of housewares, is seeking a Finance Director who, supported by a small staff, will report directly to the Chief Executive and provide commercial as well as financial input to strategic and operational policy decisions.

The ideal candidate will be a Chartered Accountant aged 27 - 45, with a proven track record in companies that manufacture and market fast moving consumer goods, experienced in computerised methods, highly efficient management information systems and financial analysis.

He or she will be a good communicator able to build close working relationships with senior management, both in the UK and overseas including the USA where the parent company is located. Some travel at home and abroad will be involved. This Burnley-based post is of considerable importance within the Group and the remuneration package envisaged will reflect this.

Please write in confidence with full curriculum vitae and details of present salary to: I. L. Puttock, Group Personnel Director, The Prestige Group PLC, 14 - 18 Holborn, London EC1N 2LQ.

Prestige

Chief Accountant

c. £15,000 + car

This post, the result of an internal promotion, is with a well established manufacturing company in Central Scotland. As Chief Accountant, you would be responsible to the General Manager for:

- the preparation of monthly and annual accounts
- budgetary and cost control and forward forecasting
- provision of management information
- introduction and maintenance of computerised accounting systems
- the day-to-day management of the accountancy function

Qualified to ACMA CA ACCA level you should have experience of manufacturing industry, ideally in a man-management position, where there has been substantial use of computerised techniques.

Salary will be around £15,000, a company car will be provided and there is a comprehensive package of support benefits. Write with full personal and career details to the address below *quoting ref 1765/FT on the envelope.* Your application will be forwarded to the client unopened, unless marked for the attention of our Security Manager with a note of companies to which it should not be sent. Initial interviews will be conducted by the client.

PA Advertising
Fitzpatrick House, 14-18 Cadogan Street, Glasgow G2 6QP
Tel: 041-221 3954 Telex: 779148

A member of PA International

Bank Audit Control

c. £12,500

plus benefits

Denmark's largest bank will shortly be opening a London office and this calls for the early appointment of an internal auditor.

Reporting to the General Manager, responsibilities will include the control of computerised accounts, confirmations, loan specifications, limits, brokerage, bonds portfolio and the preparation of analyses.

Candidates must offer all-round auditing experience, and experience of banking procedures is desirable.

Reply in confidence with brief career details to: M. R. P. Blanckenhagen, 165 Queen Victoria Street, London EC4V 3PD, quoting reference 2402IL.

Peat, Marwick, Mitchell & Co.
Executive Selection Division

Chief Accountant

London **c £14,500 + Car**

Our client is a rapidly-expanding £6 million turnover division of one of the U.K.'s top 20 companies. A qualified accountant is required for this highly challenging and rewarding position with the division's finance team in Central London.

Duties cover all aspects of the accounting function including planning and systems development, capital appraisal and the review of potential new business. This is an excellent opportunity to work closely with the Finance Director and to participate in the expansion programme during the initial stage.

Candidates will have gained excellent post-qualification experience, preferably in a retail or f.m.c.g. environment. The ability to communicate effectively at a senior level is vital, as there will be significant liaison with senior and operational management.

For someone with enthusiasm, ambition and the ability to work well under pressure, there is a competitive remuneration package and excellent career progression prospects. Age indicator is 26–30.

Candidates should write to **Philip Cartwright, A.C.M.A.**, quoting reference 908, enclosing a comprehensive curriculum vitae, at 31 Southampton Row, London WC1B 5HY.

Michael Page Partnership
Recruitment Consultants
London Birmingham Manchester Glasgow

FINANCIAL CONTROLLER

FMCG FOOD CO.

£15,000-£20,000 and car

As a result of continuing growth and expansion our clients are creating a challenging new position in their senior management team.

As FINANCIAL CONTROLLER you will report to the Financial Director, and will be required to control the financial and administrative functions within budgeted ratios. You will be part of the strategic planning team and be responsible for developing long term plans as well as controlling the budgeting process. In addition you will be responsible for extending computer applications to production, forecasting and financial modelling, and appraising the overall financial framework and liquidity of the business to provide the necessary resources for growth/expansion.

The ideal candidate will possibly be a graduate, certainly an ACA, or FCA, in their late 20's/early 30's. A self starter with a high level of motivation to adapt, and improve existing systems, and a good communicator with a high level of personal and business integrity. The rewards are commensurate with the task. Excellent salary package including BUPA, profit-sharing, pension scheme and car.

If you believe you would enjoy life in a friendly non bureaucratic (but extremely competitive!) and market orientated environment, where prospects are excellent, write now with up-to-date C.V. to:

Mrs. J. White, Lindsay Dale Maslin Starkey
1 Richmond Mews, London W1V 5AJ

All applications will be acknowledged and candidates shortlisted will be notified for interviews.

PROJECT FINANCE MANAGER

LONDON BASED **up to £15,000pa**

Cable and Wireless, tha world-wide telecommunications Group, need e Project Finance Manager to arrange the provision of finance for capital intensive projects.

Reporting to the Group Manager Finance, responsibilities include determination end appraisal of requirements, preparation of financial terms for tenders, evolution end implementation of strategies, negotiations with banks and credit agencies obtaining most favourable credit facilities, risk assessment and cover.

You will heve experience of formulation of financial errangements for major projects in e competitive environment, together with the communication end financial skills necessary to establishing effective relationships. Possession of a professional qualification in Accountancy or Banking would be en advantage as would practical application of cash flow evaluation techniques, knowledge of ECGD end Government Aid Programmes.

Write with full career details, quoting reference A.009, to: Recruitment Officer, Cable end Wireless PLC, Mercury House, Theobalds Road, London WC1X 8RX, or telephone for en epplication form 01-242 4433 ext. 4008.

Cable and Wireless
Helps the world communicate

Accountancy Appointments

Finance Manager

to £15,000 + car — late 20s

Our client is a major consumer product group (turnover in the region of £500 million) itself part of a large UK multinational with extensive FMCG and service industry interests.

They now wish to appoint to the HQ staff a Finance Manager who will be responsible for management and financial reporting, cash and cost control at Director level. There is management responsibility for a small department which handles the detailed accounting.

Applicants should be Graduate Chartered Accountants with a high standard of attainment at University and in the profession. Two years in commerce is essential, including practical experience of using financial modelling techniques. Verbal and written reporting skills should be well developed.

The position is based in Central London. Further career development opportunities across the Group are outstandingly good.

Applicants (male or female) should reply, in confidence, quoting reference L46, to:

Brian Mason, Mason & Nurse Associates, 1 Lancaster Place, Strand, London WC2E 7EB. Tel: 01-240 7805.

Mason & Nurse
Selection & Search

Top Financial Executives

Age 26-35

Financial control, taxation, information systems development and budgeting

£16-30,000 + excellent package

Major International Banking Group

A major international banking group, offering a complete range of banking and financial services worldwide, wishes to make SEVERAL key appointments within the accounting and control areas to support the development of its existing merchant banking and corporate service activities in London.

Vacancies exist at senior and middle management level, covering a full range of financial disciplines including financial and management information systems, EDP systems and their development, taxation and budgeting. Each appointee will be given substantial responsibility and career prospects, not necessarily limited to accounting roles, to satisfy the most ambitious of financial executives.

Applications or enquiries are invited from qualified accountants with a proven record of achievement and success in a large professional firm, commercial company and/or financial institution. Personal attributes must include drive, determination, creativity and commercial acumen and candidates for the senior positions must demonstrate leadership skills.

All replies, written or by telephone, will be treated in the strictest confidence.

N. P. Halsey, 165 Queen Victoria Street, Blackfriars, London EC4V 3PD. Telephone 01-236 8000 extension 2549. Reference 2631/L.

Peat, Marwick, Mitchell & Co.
Executive Selection Division

GUIDE TO ACCOUNTANCY RECRUITMENT CONSULTANTS

On Thursday, 3rd March 1983, the Financial Times proposes to publish a recruitment feature for newly qualified Chartered Accountants to coincide with publication of the list of successful candidates to the Institute of Chartered Accountants Part II examination.

As part of this feature we will be including a comprehensive guide to recruitment consultants serving the accountancy sector. Entries, which will include company name, address and telephone number, will be charged at £45. Additional information can be included at £10 per line.

To book space of for further information call
FRANCIS PHILLIPS on 01-248 4782

Chief Accountant

International Banking

City

This is a senior management position in a foreign owned, long established London bank, with over 240 employees.

Substantially computerised accounting and information systems support a range of business activities, particularly the financing of international trade.

Candidates should be qualified accountants, preferably with substantial banking experience. Familiarity with corporate tax matters would be an advantage.

Salary will be around £20,000 with usual banking benefits.

Reply in confidence with brief career details to: M.R.P. Blanckenhagen, 165 Queen Victoria Street, Blackfriars, London EC4V 3PD, quoting reference 4456/L.

Peat, Marwick, Mitchell & Co.
Executive Selection Division

Financial Controller

Precision Engineering

Croydon
to £16,000+car&benefits

Reporting to the Managing Director, responsibility is for all aspects of financial management. Key tasks include strengthening controls, developing management information systems and advising on financial policy.

This is an opportunity to make a major contribution to the management of a profitable precision engineering company, the UK subsidiary of a highly successful multinational group. Turnover now exceeds £4m, and the Company should soon benefit from a recent capital investment programme.

Candidates must be qualified accountants, probably in their 30s, with substantial experience in a manufacturing environment. Knowledge of standard costing is required and previous involvement in developing computerised systems would be a distinct advantage. Personal qualities sought include determination and the ability to communicate fluently.

Conditions of employment are attractive, and assistance with relocation expenses will be provided if appropriate.

Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications.

Please write to Geoffrey Thiel, quoting reference 1151/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultants
128 Queen Victoria Street, London EC4P 4JX

PARTNER/PARTNER DESIGNATE

City 28+ — £20,000-£50,000

Our client is a well established medium sized City practice.

Due to internal restructuring they now wish to recruit a general practice/audit partner capable of servicing a varied portfolio of clients.

This appointment will appeal to either existing partners with a nucleus of clients, or alternatively good audit managers with at least three to five years post-qualifying experience. In both cases a strong personality, sound academic achievement and good professional presentation are essential.

This is an outstanding opportunity to contribute to the development of a growing practice. Prospects in the short term are excellent as is the remuneration package.

For further details please contact Douglas Llambias F.C.A. A.T.I.I. or Hazel Webber, B.A. quoting reference number 3928 at our London office. All applications will be treated in the strictest confidence.

410 Strand, London WC2R 0NS. Tel 01-836 9501
26 West Nile Street, Glasgow G1 2PF. Tel: 041-226 3101
3 Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DOUGLAS LLAMBIAS
Douglas Llambias Associates Limited
Accountancy & Management Recruitment Consultants

Deputy Works Accountant

BNFL is currently pursuing a multi-million pound expansion and refurbishing programme at its Sellafield Works in West Cumbria.

A senior accountant is required to assist the Works Accountant in the provision of a comprehensive and effective financial and management accounting service. The work involves the management of approximately 60 staff whose duties include: preparation of capital expenditure and operating budgets and cost reports, wages and salaries, cash office, invoice certification, distributed computer section and general accounting development.

The successful applicant (male or female) must have the necessary experience and ability to contribute towards improving works profitability and efficiency to assist in formulating policy and be able to communicate effectively with all levels of management.

Applicants must have an appropriate accounting qualification and several years relevant experience in a large industrial organisation. They should also be fully conversant with computerised budgetary control and accounting systems.

This post affords a challenging opportunity to a hardworking and ambitious person.

In return we offer a salary in the range £11,600–£13,300 plus a site allowance and productivity payments. Relocation expenses will be paid where appropriate.

For further details and an application form please write to:- Mrs. C. Billing, British Nuclear Fuels Limited, FREEPOST, Sellafield, Seascale, Cumbria CA20 1PG, or telephone Seascale (0940) 27724 reversing the charges. (24 hour Answerphone).

1980
BNFL

NEWLY QUALIFIED ACCOUNTANCY APPOINTMENTS

THURSDAY 3rd MARCH 1983

The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent Part II examinations.

We propose to publish the list in our issue of Thursday, 3rd March 1983, which will also contain several pages of advertisements under the heading of "Newly Qualified Accountancy Appointments." Advertising rates will be £31.50 per single column centimetre. Special positions are available by arrangement at premium rates of £37.50 per s.c.c. Newly qualified Accountants, especially Chartered, are never easy to recruit—don't miss this opportunity!

For further details please telephone
01-248 4782 or 01-236 9763

Management Accountant

Innovative challenge to a young professional

General Guarantee Corporation Limited is a national finance company which is part of the Finance Division of the Great Universal Stores Group. We offer a wide range of financial products to the public and industry, employ over 400 people throughout 37 U.K. locations and have an annual turnover in excess of £250 million. It's a rapidly expanding market and one which can offer unrivalled challenge to our new Management Accountant.

Reporting directly to the Chief Accountant and supported by an able team, you will become involved in technical evaluation and profitability at branch level, monthly and statutory accounts, leasing and budgets and forecasts.

This is a creative accounting role calling for someone aged 24-28 (ACA qualified) whose experience has included major company audit exposure within the profession. Good communicative ability and man-management skills are essential personal qualities.

In addition to an attractive five figure salary, negotiable according to experience, we are offering a first-class benefits package including group discount facilities, contributory pension scheme and free family BUPA membership. As this position has been created through expansion, we can offer immediate job satisfaction and genuine long-term career prospects.

Please write with full details to Mr. L. Williams, Personnel Manager, General Guarantee Corporation Limited, Ambassador House, Brigstock Road, Thornton Heath, Surrey CR4 7JG.

General Guarantee
FOR MORE OF THE THINGS YOU WANT

Group Controller

Financial Director – Designate

This independent public group enjoys a strong market position in the UK and overseas. Its brand names, both industrial and consumer, are major assets. Continuing investment in the core businesses and selective acquisitions will maintain growth. Turnover is approaching £50m. and production is at several UK locations including the headquarters site in an attractive part of the Midlands.

The present Financial Director has moved to head up a newly-formed division but will retain treasury responsibility in the short term. His successor, desirably a CA and university graduate aged 33 to 40, must have a convincing record of achievement at financial controller level especially of EDP-based systems. Experience in a large multinational group would be ideal, perhaps followed by a period in a well-managed and tightly-controlled smaller company. Appointment to the group board as Group Financial Director will follow within two years, possibly sooner.

Starting salary is for discussion and will not be a limiting factor; significant bonus potential, car and normal executive benefits including relocation help.

Please send brief details – in confidence – to W. A. Griffith, reference B.560, MSL Executive Search Limited.

This appointment is open to men and women.

MSL
International Management Consultants
52 Grosvenor Gardens London SW1W 0AW

Chief Accountant

Maidenhead — to £16,500

THE COMPANY – the European headquarters of a major international ethical pharmaceutical company, coordinating activities in Europe, where operating subsidiaries are engaged in the research, development, manufacture and marketing of a large range of ethical pharmaceutical and nutritional products.

THE JOB – Supported by a small staff the Chief Accountant is responsible to the Finance Director for the smooth operation of financial accounting at headquarters and for the implementation and review of the Company's financial accounting policies in the European subsidiary operations.

THE PERSON APPOINTED – A qualified accountant, probably aged between 28 to 35, currently either No. 2 in a similar organisation or working at manager level in a firm of auditors. He or she will now be looking for the challenge of total responsibility for the accounting function in a European wide environment.

ACTION – Please write with full career details, indicating companies to whom your application should not be sent, to:

A. R. Ward (Ref CRS 265),
Lockyer Bradshaw & Wilson Limited,
178 North Gower Street, London NW1 2NB.
Alternatively telephone 01-387 8943.

LBW
LOCKYER, BRADSHAW & WILSON LIMITED

Chief Accountant

c £20,000 + car — London

One of our clients, a public group of manufacturing and marchanting companies, with varied interests and strong export performance, requires a senior qualified accountant to fill a key appointment at their accounting headquarters. A high level of technical competence and extensive practical computer experience is essential.

Salary is negotiable with a review after six months and the appointment offers excellent career potential.

Please write with full c.v. to S. S. Perker, F.C.A., Gimp Secretarial & Finance Limited, 5/7 Singer Street, London, EC2A 4QA.

TECHNOLOGY

EDITED BY ALAN CANE

CONFERENCE SEES FIRST SELF-REPAIRING COMPUTER

Electronic 'eraser' on a chip

BY LOUISE KEHOE IN NEW YORK

"MICROCOMPUTER — reprogram thyself!" Such a command will soon be answered by "self-adaptive" microcomputers, devices that can work out for themselves when something is going wrong and correct it automatically.

The first such device was announced yesterday in New York at the International Solid State Circuits Conference by Seeq Technology, a Silicon-Valley "start-up" that celchrated its second birthday last month.

The Seeq chip gains its "intelligence" from a built in "electrically erasable memory" that stores the computer's instruction program. Unlike other computer memory types, the electrically erasable variety can be altered by signals generated within the microcomputer itself.

Alternatively, the adaptive microprocessor can be reprogrammed remotely—via a telephone line.

The self-modifying capability of Seeq's new micro is made possible by the company's unique memory technology. Other "EEPROMs" cannot be built into a single chip microprocessor because they run off 21 volt supplies. Seeq's EEPROM uses the same five volt supply that powers the microprocessor. Another advantage of EEPROM technology is is that it is non-volatile, that is the memory does not "forget" when the power is turned off."

It is not difficult to think of applications for the new adaptive microprocessor. Put it in charge of a machine tool, and it will automatically correct for wear in the mechnical parts of the system. In an industrial robot, it could also adapt to changing environmental conditions. It could be programmed to vary its functions according to the hourly, daily or weekly needs of a manufacturing line, as they change.

A major use of the new chip —called the Seeq 72720 is expected to be in telecommunications. The device will be capable of eliminating "bad lines" by automatically matching the impedences when a connection is made. Designing the chip into a telephone could also provide home and commercial users with such features as pre-programmed speed—calling of frequently dialled and emergency numbers. Currently, even where such services are required they rely upon a computer at the exchange.

The Seeq micro is also expected to be cheap enough for consumer applications. Programmable home appliances could be "tailored" to suit the needs of individuals. Home security systems, power meters or even microwave ovens could be remotely programmed to turn on/off, or read out data. Cable television companies could alter security codes, change programming or examine subscriber statistics remotely.

While remote programming can already be accomplished using separate EEPROMs tied to microprocessors, the Seeq part will make such applications economically feasible because it combines both the EEPROM and a microprocessor on a single chip.

How has an "up-start" semiconductor manufacturer like Seeq managed to design such a clever new microprocessor before its well-heeled competitors? Seeq has combined its own memory technology with an existing microprocessor design from Texas Instruments, one of the industry's veterans, to come up with a chip that is the first to exhibit self-contained "intelligence."

Seeq and TI have signed an agreement whereby Seeq has developed a new version of TI's eight-bit TMS 7000 microcomputer with 16 k bits of EEPROM on board. Next year, TI will also start making the new 72720, thus providing Seeq with an essential "second source" if its chip is to become widely accepted.

The Seeq/TI agreement represents Seeq's second attempt to put its EEPROMs onto microcomputer chips. Two years ago Seeq signed an agreement with Zilog that was expected to lead to implementation of a similar device based upon the popular Z80 microchip. That plan was scuttled when just a few weeks later Seeq was sued by Intel for alleged theft of trade secrets. Seeq's founders formerly worked for Intel. Although the Intel suit was soon settled out of court with no major consequences for either company, Zilog had by then got cold feet and Seeq was left without a partner for its microcomputer project.

Larry Jordan, Seeq Technology vice-president of marketing, says that although initially Seeq was disappointed by the failure of the Zilog deal, ultimately it provided Seeq with the opportunity to attract a stronger partner. Seeq is currently expanding its San Jose production facilities and expects to be in a position to "go public" within the next 12 months. While Seeq has taken a lead with EEPROM technology and with the new adaptive microcomputer, other chip makers are expected to follow. Both Intel and Motorola are understood to have similar devices in development, though neither company will comment at this time.

Secrets of the transputer revealed

MORE CLUES to the nature of the "transputer," the revolutionary microprocessor devised by Iann Barron, managing director of Inmos UK, were revealed at the conference.

The clues came in a paper from a group of Inmos technologists working at the company's Bristol headquarters and ostensibly to do with a computer-aided design system for microprocessors.

The microprocessor designed by the system, according to Mr P. J. Cavill, was "an extremely efficient, small, high performance processor with an efficiency 60 times that of commercially available 16-bit microprocessors."

In 1978, Iann Barron first set out his ideas on the transputer, describing it as a computer on a chip with all the function of a full-scale computer including processor, program store, data store and interfacing combined in a single circuit.

He also argued: "There is no ready-made mathematical calculus for design at the transputer level. Such a calculus is likely to take the form of a program language which has primitive operations enabling communications between parallel processes."

Now five years on, Mr Cavill says in his paper: "The processor uses a reduced instruction set architecture which is word length independent."

And only a few weeks ago Inmos launched its programming language, Occam, which Barron described as "a way to solve the problem of the design and implementation of the massively parallel systems of the 1980s and beyond."

So it is reasonable to conclude that much of the thinking behind the transputer will have gone into the Inmos CAD-designed microprocessor.

Mr Cavill said the processor was organised to maximise throughput (another feature of the proposed transputer).

"An optimum length instruction lookahead maximises store bandwidth utilisation and minor cycle pipelining is used so that all microsteps are fully overlapped with microcode fetches."

In other words, the system is organised to make the best use of the available space on the chip. Mr Cavill said the microprocessor could achieve speeds of greater than five million instructions a second. He said the S14 (Inmos product name for the chip) could achieve throughputs of more than five times current state-of-the-art devices like the 16-bit Motorola 68000.

Mr Cavill gave bench mark figures for the processing speed of the S14 measured against chips like the Motorola 68000, the Zilog Z8002 and a supermini computer the Digital Equipment VAX 11/780.

The S14 completed the test (a high level language benchmark emulating an operating system kernel—a tough measure of a processor's capabilities) in 2.34 seconds while the 68000 took 10 seconds, the Z8002 7.84 seconds and the VAX 6.8 seconds.

ALAN CANE

ANOTHER WAY TO STOP CARD FRAUD

Rediffusion introduces low cost signature verification

BY GEOFFREY CHARLISH

A SHOP counter unit that is able to check with a claimed 95 to 100 per cent certainty whether the signature on a cheque is genuine—and at a very low price—has been developed by Rediffusion Computers of Crawley.

Based on some work originally carried out at the National Physical Laboratory, "Signcheck" is not much bigger than a shoe box and has no buttons, knobs or adjustments. The shopkeeper would simply insert the cheque into a slot and within three seconds it will either be passed or rejected via coloured lights visible only to him.

The beauty of the system is that it needs no communication lines back to a central computer and no large-scale memory system since it has nothing to remember. It is likely to cost about £250 if made in volume for the 100,000 retail outlets in the UK.

The necessary remembered data about the signature itself are present on each cheque in the form of a 10-digit number.

Each bank customer would be asked to provide the usual six specimens of his signature; these would be scanned on an encoder and the average result stored in digital form in a memory. Then, special logic and encryption circuits in the encoder would derive a 10-digit number which would be a unique description of the signature. The number would be printed on the cheques during manufacture.

In the case of a card, the number would probably be recorded in the magnetic stripe. There is no need for the signature to be written on the card.

When a cheque is presented at a retail outlet the verifier unit scans the handwritten signature and also reads the number. Both end up in the form of special digital codes which are mathematically compared for sufficient similarity. If the match is good enough, a green light tells the retailer it is safe to accept the cheque.

Like most systems of this sort, 100 per cent assurance is not possible. There will always be people who tend to write inconsistent signatures, the elderly, the infirm—or just a customer who is not feeling too good that day and does not sign characteristically.

Nevertheless, Rediffusion Computers' managing director Mike Aldrich thinks that an occasionally offended genuine customer is a small price to pay for countering £20m of cheque and card fraud in the UK alone. "Even though the bank picks up the tab" he says, "the cost is ultimately borne by the community."

Most fraud of this kind takes place after the villain has stolen cheque book, cheque or credit card and probably some additional means of "identification" such as a driving licence. He carefully replaces the owner's wallet where he found it, delaying any alarm for as long as possible.

He then removes the signature on the card, replacing it with the owner's name signed in his own hand. He signs the cheques and credit card slips similarly. These so called "unseen" frauds can be detected 100 per cent by Signcheck and they represent the bulk of the problem. "Seen" fraud attempts to copy the true owner's signature—can be detected in about 95 per cent of cases, says the company.

In the UK none of the cost of fraud is borne by the retailer (unlike the U.S.) so there is no direct incentive for him to purchase systems like Signcheck. That is why Aldrich suspects he will achieve better sales over there.

Would the UK banks pay for such systems to be put into the country's retailers?

Aldrich obviously feels it would be worth their while. At £250 spent at each of 100,000 outlets, the bill comes to £25m, so it would be recouped in 15 months if all the fraud were stopped. The encoders—each bank would only need one or two—cost from £30,000 to £50,000 depending on the throughput and the paper transport systems employed.

But at the moment the banks are faced with a number of choices of equipment of this kind. Only a fortnight ago Data Card International demonstrated a system for digitally recording the owner's face on his card by laser engraving into the plastic surface.

But Aldrich thinks shopkeepers take insufficient notice of these pictures. He cites the case of an investigator in the U.S. who had a card made up with the picture of a gorilla on it. He still bought goods and services without much difficulty.

Demonstrations of Signcheck have been made to the banks in the past 12 months but there are no commitments yet. Rediffusion (and no doubt the proponents of the other systems) realise that agreement will be needed between banks and card companies on layout standards and procedures.

Personal computer

IBM gets the bit—and bytes

ACCORDING TO a new report from Strategic Incorporated, IBM is getting the bit between its teeth with personal computers and is likely to be pushing its new machine hard in the coming months.

The report suggests that the corporation had previously been pulling its punches due to its traditional fear of reducing sales on its existing products. Also, says Strategic, the corporation did not expect its personal machine to be the runaway success that it has been.

Strategic predicts that IBM will soon introduce a top end PC in response to Apple's Lisa and also a cheaper portable or hand-held version. The systems will use Intel micros.

Other projections by Strategic include the introduction by IBM of a Unix type operating system at the top end of the line and the marketing of high resolution colour graphics and light pen or mouse abilities.

There will be, says the research company, more aggressive pricing policies and discounts and a greater concentration on the consumer and hobbyist markets.

The report is entitled "IBM's Personal Computer Strategy, the Next Round" and costs $1,530, from the UK representative IPI of London (01-221 0998).

Isolator

FERRANTI Professional Components has introduced a miniature low loss, co-axial isolator for parametric and FET amplifiers in satellite communications systems. More from Ferranti on 0382 89311.

Accountancy Appointments

International Appointments

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

[illegible]

INSURANCES

[illegible]

TRADED OPTIONS

EUROPEAN OPTIONS EXCHANGE

Series		March Vol.	March Last	June Vol.	June Last	Sept. Vol.	Sept. Last	Stock
D FL C	F.265	5	4 B	-	-	-	-	F.268.80
D FL C	F.270	22	2.50	11	3.50	-	-	"
D FL C	F.275		-	2	2.50	1	4	"
D FL P	F.260	7	0.80	10	5	2	9	"
D FL P	F.265	48	2	-		-	-	"
D FL P	F.270	5	5				—	"
D FL P	F.275	111	9.50	-	-	-	—	"
		May		Aug.		Nov.		
GOLD C	$400	1	88 A		-	-	—	$471
GOLD C	$425	12	65 B					"
GOLD C	$450	22	46	83	59	-		"
GOLD C	$475	75	34	18	47	1	65	"
GOLD C	$500	414	22	81	38	2	56	"
GOLD C	$550	366	9	40	23	4	68	"
GOLD P	$400	40	1.80					"
GOLD P	$425	40	4	52	12	—	-	"
GOLD P	$450	149	11	6	19		—	"
GOLD P	$475	97	13.50	10	30		—	"
GOLD P	$500	117	36	3	42 B			"
GOLD P	$550	2	79 B					"
10½ NL 81 87-91								
C	F.127.50	104	7.20			—	—	F.134.90
C	F.135	10	2.70			105	3	"
C	F.140			5	2	—	—	"
P	F.130	25	1.70	300	2.20	-		"
10¼ NL 80 92-96								
C	F.107.50		-	15	7.80	-	-	F.115.50
C	F.115	50	1.80		—		—	"
11½ NL 82 88-92								
C	F.112.50			16	5		-	F.117.10
C	F.115	5	2.70	—			-	"
C	F.117.50	110	1.50	—	-	—	—	"
10 NL 83 86-89								
C	F.102.50	100	9	-	—	-	—	F.111.80
12 NL 82 11 86-89								
P	F.112.50	200	2	-	—	—	—	F.112
7½ NL 82 89-93								
C	F.102.50	15	0.90	—	-	—	-	F.101.50
7½ NL 83 87-90								
C	F.102.50	100	0.50	-		—	—	F.100.40
P	F.100	520	1.30 B	—	—	—	—	"
		April		July		Oct.		
AKZO C	F.32.50	—	—	20	10.50	—	—	F.43.40
AKZO C	F.40	143	4.50	—	-	-	—	"
AKZO C	F.45	48	2.40	-	-	—	-	"
AKZO C	F.50	—		20	1.60	—	—	"
AKZO P	F.35	20	0.50	—	—	—	—	"
AKZO P	F.40	25	1.30	-		—	—	"
AMRO C	F.50	48	1.50	146	2.20	-	-	F.47
AMRO P	F.40	66	1.20	—	—	—	—	"
AMRO P	F.45	72	3.30	—	-	—	—	"
CIST P	F.130	-	-	20	6.50 B	—	—	F.142.50
HEIN C	F.100	20	35.50		-	-	—	F.114.50
HEIN C	F.110	-	—	65	10.50	—	-	"
HEIN C	F.120	82	4	—	—	—	—	"
HOOG C	F.20	53	1.20	—	-	—	—	F.19.43
KLM C	F.130	21	32	—	-	—	-	F.160.50
KLM C	F.140	45	25.50	-	—	—	—	"
KLM C	F.150	62	17.80	-	—	-	-	"
KLM C	F.160	47	11	—	—	—	-	"
KLM P	F.110	23	0.70	—	-	—	—	"
KLM P	F.120	-	—	25	4.50	—	—	"
KLM P	F.130	29	2.60	—	—	-	—	"
KLM P	F.140	50	5	-	—	-	—	"
KLM P	F.150	136	8	21	15	—	—	"
NEDL C	F.100	-	-	20	5.90	—	-	F.96
NEDL P	F.100	-	—	76	10.50	—	—	"
PHIL C	F.27.50	41	8	15	8 B	-		F.35.50
PHIL C	F.30	119	5.40	19	5.50	8	6.60	"
PHIL C	F.32.50	91	3.60	66	4.40	4	5.20	"
PHIL C	F.35	105	2.10	73	2.80	28	3.70	"
PHIL C	F.40	129	0.70	182	1.50	165	2.40	"
PHIL P	F.35	87	1.70	15	2.80	4	3	"
RD C	F.90	272	7	86	8.40	-	—	F.98.60
RD C	F.100	217	3	58	0.80	120	6	"
RD P	F.80	50	0.40	20	0.90			"
RD P	F.90	543	1.70	91	4.50 A	15	5.20	"
RD P	F.100	88	7.90	58	11 A	—		"
RD P	F.110	41	16	-	-	5	18	"
UNIL C	F.220	39	2.50 A	10	4.60	—	-	F.198
		May		Aug.		Nov.		
BASF C	DM.130	30	8.50	—	—	—	—	DM.127.40

TOTAL VOLUME IN CONTRACTS 8,207

A = Asked B = Bid C = Call P = Put

LONDON TRADED OPTIONS

Option		CALLS April	CALLS July	CALLS Oct.	PUTS April	PUTS July	PUTS Oct.
BP (*296)	260	44	—	—	4	—	—
"	280	28	—	—	9	—	—
"	300	14	24	34	22	26	32
"	330	5	17	16	48	52	64
"	360	2	5	-	76	80	—
CGF (*504)	390	117	127	—	1½	2	—
"	420	87	97	—	3	4	—
"	460	55	70	—	10	20	—
"	500	30	47	57	34	45	52
"	550	15	27	34	65	70	77
"	600	6	15	18	107	130	117
CTD (*90)	70	22	24	26	1½	2	3½
"	80	13	16	18	2	3½	5
"	90	6½	9	11	5	7	8
CUA (*137)	120	17	19	—	3	5	—
"	130	8	12	18	9	10	11
"	140	3½	7	11	17	18	20
"	160	1½	3	5	35	37	38
GEC (*200)	180	28	34	40	2	8	8
"	197	16		—	8	—	—
"	200		21	27	—	35	25
"	217	7		—	22	—	—
"	220	—	13	17	—	27	35
"	237	3	—	—	40	—	—
"	240	—	8	—	—	44	—
"	260	2	4	—	62	62	-
GMH (*060)	240	2	—	—	1	—	—
"	260	303	—	—	3	—	—
"	280	83	87	—	1	3	—
"	300	63	68	—	2	4	—
"	330	36	44	49	5	7	11
"	360	39	29	04	35	18	23
"	390	8	18	22	34	37	41
ICI (*376)	260	120	—	—	2	—	-
"	280	100	—	—	2	—	—
"	300	80	88	—	2	3	—
"	330	50	58	—	4	5	—
"	360	30	38	50	12	16	22
"	390	14	24	04	30	38	40
"	420	6	11	16	56	96	60
LS (*300)	240	63	—	—	2	-	—
"	260	43	30	57	2	4	7
"	280	24	04	41	5	10	13
"	300	14	23	32	12	17	20
"	330	5	12	17	33	37	40
M & S (*199)	160	42	—	-	1½	—	
"	180	24	30	36	4	6	8
"	200	14	20	25	10	14	19
"	220	6	10	15	24	23	29
"	240	2½	5	—	42	46	—

Option		CALLS Apr.	CALLS Jul.	CALLS Oct.	PUTS Apr.	PUTS Jul.	PUTS Oct.
BHL (*408)	360	54	—	-	—	—	-
"	390	28	38	46	9	14	20
"	420	14	22	32	28	34	36
"	460	4	8	16	62	64	66
Option		CALLS May	CALLS Aug.	CALLS Nov.	PUTS May	PUTS Aug.	PUTS Nov.
BBL (*431)	360	72	75	—	2	7	—
"	390	42	45	—	9½	17	—
"	420	20	27	38	25	30	37
"	460	33	17	25	37	62	72
IMP (*132)	90	25	—	—	1	-	-
"	100	16	—	—	3	—	—
"	110	11	14	17	5	7	8
"	120	6	9	12	11	33	15
"	130	3	4½	3	19	23	23
LMO (*289)	260	15	27	37	30	37	45
"	280	30	18	27	45	54	57
"	300	5	32	—	66	70	—
"	330	3	6	—	95	100	—
"	360	2	—	—	125	—	—
"	390	2	—	—	155	—	—
LNR (*83)	80	8	30	13	3½	5	7
"	90	4	6½	8	30	33	34
"	100	1½	3½	4½	19	21	23
P & O (*123)	100	25	28	—	2	8	—
"	110	15	17	—	4	9	—
"	120	10	35	16	8	13	34
"	130	4½	7	30	38	17	21
"	140	0	—	—	39	—	—
"	160	3	—	—	59	—	—
RCL (*459)	460	27	37	53	23	30	40
"	500	12	22	34	54	60	68
"	550	6	12	—	87	302	-
"	600	2	7	—	347	352	—
"	650	2	—	—	397	—	—
RTZ (*504)	390	120	—	—	1	2	—
"	420	90	94	—	3	—	—
"	460	60	67	—	10	20	—
"	500	35	45	57	27	40	47
"	550	38	27	37	62	70	75
VRF (*$113)	50	—	—	—	1	-	-
"	55	-	—	—	1	—	—
"	60	55	—	—	3	—	—
"	70	3	—	—	1	—	—
"	80	2	38	—	1	—	—
"	90	28½	29½	—	2	3½	—
"	100	18½	22	—	4½	6½	—
"	110	12½	16	—	9	11½	—
"	120	8	12½	17½	12½	17	10
"	130	6	9	14	18½	22	25
"	140	3	5½	10½	28½	30½	32½

Feb. 23 Total Contracts 2,449 Calls 1,423 Puts 1,026

هكذا من الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man. Fd		215.60		
Managed Inv. Fd	147.51	155.28		
Property Fd	145.15	152.79		
Fixed Interest Fd	132.85	139.45		
Cash Fd	131.15	138.06		
Income Fd	149.36	157.22		
Extra Income Fd	140.41	148.33		
Worldwide Growth Fd	194.14	201.26		
Balanced Fd	157.86	166.15		
Smlr Co's & Recy. Fd	184.86	194.59		
Int. Technology Fd	223.97	235.76		
Nth Amer. & Gen. Fd	139.77	147.13		
Energy Int. Fd	89.87	94.60		
Pacific Basin Fund	114.76	120.80		

British National Life Assurance Co. Ltd.
Hartsdh Rd, Haywards Heath. 0444 414111

Equity	93.8	98.7		—
International	106.6	132.1		—
Property	101.5	106.7		—
Deposit	95.7	100.7		—
Fixed Interest	94.7	99.6		—
Managed	100.2	105.4		—
Equity Pens Cap	93.0	97.9		—
Intnl. Pens. Cap.	108.9	114.6		—
Property Pens Cap	105.1	110.6		—
Deposit Pens Cap.	95.4	100.4		—
Fixed Int Pens Cap.	94.3	99.3		—
Managed Pens Cap	101.1	106.4		—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth. Feb 1		85.2		—
Rtmt. Fed. Feb 8		224.8		—
Managed Pen Fund	163.5	172.1		—
Property Pen Fund	110.0	115.8		—
Index Linkd Pen Fund	119.5	125.8		—
Managed	107.7	113.4	-0.3	—
Property	97.9	103.1		—
Gilt and Fixed Interest	96.5	101.6		—
Index-Linked	102.8	108.3	-1.1	—
Equity	110.0	115.8	-0.7	—
Cash	98.2	103.4		—
Midland Bk Unit Tst.	105.4	111.0	-1.2	—
Midland Bank Intnl.	123.6	130.2	-0.8	—

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units	[illegible]	—	+0.06	—
Property Units	[illegible]			—
Equity Bond/Exec	[illegible]	22.71	+0.03	—
Prop. Bond/Exec	[illegible]	23.24	-0.01	—
Bal. Bd./Exec/Unit	[illegible]	22.92	-0.02	—
2nd Equity Acc.	[illegible]	177.9	+0.3	—
2nd High Inc/Acc	[illegible]	127.3	+0.2	—
2nd Property Acc	[illegible]	178.3		—
2nd Managed Acc.	[illegible]	167.1	-0.9	—
2nd Deposit Acc	[illegible]	141.1	+0.2	—
2nd Gilt Acc	[illegible]	142.1	-1.5	—
2nd American Acc	[illegible]	188.6	+2.3	—
2nd Intl Money Acc	[illegible]	146.9	+1.2	—
2nd Index Acc.	[illegible]	103.2	-1.1	—
2nd Eq. Pens./Acc.	[illegible]	238.2	+0.3	—

G.T. Management Ltd.
16 Finsbury Circus, Lond EC2M 7DJ 01-628 8131

G7 Plan Bond Fund	123.0	129.5	+0.9	
G7 Pln High Yld Fnd	108.6	114.4		—
G7 Plan Far East Fnd	95.7	100.8		—
G7 Pln N Am Fund	150.1	158.1		—
GT Pln UK&G.E. Fnd	123.0	129.5		—
GT Pln Wrldwde Fnd.	118.3	124.6		—
G7 Pension Bnd Fnd	129.8	136.7	+1.2	—
GT Pen High Yld Fd	121.1	127.7		—
G7 Pen Far East Fd	101.2	106.6		—
GT Pen N. Am Fd	192.0	202.2		—
G7 Pen UK & G E Fd.	136.1	143.3		—
GT Pen Worldwide Fd.	125.4	132.0		—

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY 01-488 0733

Intl. Managed Bond	158.9	167.3		—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd Acc.		229.3		—
Portfolio Fd Int.		194.7		—
Portfolio Fd Cap		221.8		—
Portfolio Man. Acc.	67.7	71.3		—
Portfolio Man. Int	60.2	63.4		—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance		1,413		—
Landbank Secs.		62.7		—
Landbank Scs Acc.	172.4	176.8		—
G. & S. Super Fd.		£10.636		—

Guardian Royal Exchange
Royal Exchange, E.C.3 01-283 7101

Guardian Assurance

Property Bonds	299.1	311.7		—

GRE Linked Assurance Limited

Managed Initial	188.1	198.0	+1.3	—
Do. Accum.	205.8	216.6	+1.4	—
Equity Initial	234.6	246.9	-1.4	—
Do. Accum.	256.7	270.2	-1.5	—
Fixed Int Initial	175.7	184.9	-1.4	—
Do. Accum.	192.2	202.3	-2.6	—
International Initial	186.9	196.8	+0.9	—
Do. Accum.	204.5	215.3	+1.0	—
Property Initial	122.4	128.8		—
Do. Accum.	133.7	140.7		—
Deposit Initial	120.0	126.3		—
Do. Accum.	131.3	138.2		—

GRE Pensions Management Ltd.

Pens. Managed Initial	180.4	189.4	-0.2	—
Pens. Managed Acc.	192.9	203.0	+0.3	—
Pens. Equity Initial	221.5	233.2	+0.2	—
Pens. Equity Acc.	236.9	249.4	+0.2	—
Pens. Fxd. Int. Initial	175.1	184.4	-1.7	—
Pens. Fixed Int. Acc.	187.3	197.2	-1.8	—
Pens. Int'l Initial	171.2	180.2	+1.0	—
Pens. Int'l. Acc.	183.1	192.7	+1.1	—
Pens. Prop. Initial	122.8	129.3		—
Pens. Prop. Acc.	131.1	138.0		—
Pens. Depos. Initial	130.8	137.7		—

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

INTERNATIONAL CAPITAL MARKETS

Prudential launches $100m Eurobond with 10⅝% coupon

BY ALAN FRIEDMAN IN LONDON

THE PRUDENTIAL INSURANCE Company of America stormed into the Eurobond market yesterday with a $100m 10-year dellar bond issue with an aggressively priced 10⅝ per cent coupon. The name of the Pru none the less beld eneugb attractien fer investors to ensure a near sell-out within hours, and by last night the pre-market quotatioo was a discount of just ¼ per cent from the issue price of par.

The deal is lead-managed by Hambros Bank (in which the Prudential bolds a 9.4 per cent sharebelding), Bache Halsey Stuart, Credit Suisse First Boston and Salomon Brothers. Besides the oame of the borrower, which is recognisable and attractive to Europe's retail investors, the fact that the bonds may net be called fer redemption belped to move the paper along.

The secondary market improved by ⅛ to ¼ point yesterday, en the back of Tuesday's surge in the New York bond market, but dealers reported a significantly more buoyant market undertone.

The European Investment Bank's new $100m 11 per cent eight-year issue, which got off to a rocky start en Tuesday, improved considerably along with the market yesterday and was quoted at a pre-market discount of 1⅜ per cent, against an issue price of 99¾. The ameunt bas been increased to $125m.

Two ether new issues were brought to market yesterday: a $50m 15-year 11½ per cent deal for the City of Stockholm and a $100m seven-year 10¾ per cent issue for the Canadian province of Saskatchewan. The fermer provides an investor redemption after 10 years and is priced at 99½ to yield 11.57 per cent. Lead-managers of the Stockhelm deal are Morgan Stanley and PK Banken.

The Saskatchewan issue is led by CSFB and was last night quoted at a discount of around 1 per ceot.

Canada's PanCanadian Petroleum is raising C$50m in the Euro Canadian dellar sector with a 10-year issue bearing a 12½ per cent coupon at par. Orien Royal Bank is *lead-manager and the bonds* are callable in 1990 at 101.

In West Germany, where the foreign boed market was unchanged owing to the strength of the U.S. dellar, Australia's MIM mining group is making its debut with a DM 100m seven-year 7¾ per cent issue priced at 99½ to yield 7.72 per cent. Commerzbank is lead-manager.

In Switzerland, wbere secondary fereign bond prices were unchanged (also because of the strength of the U.S. currency), TransCanada Pipelines is raising SwFr 100m through a 10-year issue bearing an indicated 5¾ per cent yield. Union Bank of Switzerland is lead-manager.

UBS begged the new-issue business yesterday, also arranging twe private placements. These are a SwFr 100m five-year 4¾ per cent deal for Citicorp and a SwFr 50m five-year 5½ per cent placement for Descente, the Japanese sportswear manufacturer.

● The $50m *seven-year issue for* Saitama Bank was given an 11½ per cent coupon and par pricing yesterday by lead-managers BA Internatienal and Saitama Bank (Europe).

N. American Quarterlies

GEO INTERNATIONAL

First quarter	1982/83 $	1981/82 $
Revenue	70.4m	121m
Net profits	†5.8m	12.4m
Net per share	†0.51	1,10

† Loss

HOUSEHOLD INTERNATIONAL

Year	1982 $	1981 $
Revenue	7.77bn	7.28bn
Net profits	125.4m	142.4m
Net per share	2.06	2.66

PACIFIC LUMBER

Fourth quarter	1982 $	1981 $
Revenue	52.7m	66.2m
Net profits	5.53m	8.65m
Net per share	0.23	0.35
Year		
Revenue	236.6m	303.2m
Net profits	23.16m	50.78m
Net per share	0.96	2.09

PROVIDENT BANCORP

Fourth quarter	1982 $	1981 $
Revenue	–	–
Net profits	1.73m	2.33m
Net per share	1.28	1.68
Year		
Revenue	–	–
Net profits	8.41m	11.29m
Net per share	6.07	7.72

RAMADA INNS

Fourth quarter	1982 $	1981 $
Revenue	126.9m	106.8m
Net profits	†8.91m	†1.23m
Net per share	†0.33	†0.04
Year		
Revenue	548.3m	415.9m
Net profits	†19.83m	†30.45m
Net per share	†0.73	†1.12

† Loss

REVERE COPPER AND BRASS

Fourth quarter	1982 $	1981 $
Revenue	118.7m	202.9m
Net profits	†115.9m	†1.54m
Net per share	†20.38	†1.27
Year		
Revenue	561.8m	820.9m
Net profits	†157.1m	9.36m
Net per share	†27.61	†1.64

† Loss

RYAN HOMES

Fourth quarter	1982 $	1981 $
Revenue	127.2m	92.3m
Net profits	2.81m	†414,000
Net per share	0.31	†0.06
Year		
Revenue	397.6m	408.2m
Net profits	4.47m	4.85m
Net per share	0.56	0.72

† Loss

SCOT LAD FOODS

Third quarter	1982/83 $	1981/82 $
Revenue	218.2m	232.9m
Net profits	49,000	1.4m
Net per share	0.01	0.30
Nine months		
Revenue	636m	689.7m
Net profits	1.3m	2.2m
Net per share	0.30	0.49

SHERWIN-WILLIAMS

Fourth quarter	1982 $	1981 $
Revenue	434.6m	430.5m
Net profits	5.07m	398,000
Net per share	0.42	0.02
Year		
Revenue	1.85bn	1.53bn
Net profits	42.9m	31.4m
Net per share	4.03	3.07

STERLING DRUG

Fourth quarter	1982 $	1981 $
Revenue	448.0m	432.0m
Net profits	31.8m	27.5m
Net per share	0.52	0.45
Year		
Revenue	1.79bn	1.79bn
Net profits	132.0m	129.5m
Net per share	2.17	2.13

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. The following are closing prices for February 23.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 14¼ 89	75	111¾	112¼	+0⅛	+1⅛	11.41
Amro Bank 13 88	200	105⅛	105⅝	0	+0¾	11.76
BNP Finance 14¾ 89	150	108	108½	+0¼	+1⅜	12.71
British Col Hyd 14¾ 89	200	113⅛	113⅝	+0⅛	+0⅞	11.58
British Col Hyd 15¼ 92	150	116	116½	+0¼	+1⅜	12.21
Canada 14⅞ 87	750	111⅞	112⅜	0	+0½	10.67
Canadair Ltd 12½ 90	175	105⅜	105⅞	+0¼	+1⅛	11.24
Canadian Wheat 11¼ 90	50	100	100½	+0⅛	+1⅛	11.18
Can Pac Ltd 14⅝ 92	75	109¾	110¼	+0⅛	+2	12.78
Can Pac Sec 15 89	75	109⅛	109⅝	+0¼	+0½	12.71
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Japan Airlines 7⅞ 87	9†	100½	101½	0	−0¼	7.58
New Zealand 8⅝ 87	15	102¾	103⅜	−1⅝	−0⅝	7.53
World Bank 8⅞ 92	20	103	104	0	0	7.82
Brit Col Tel 17⅞ 90 C$	60†	112¾	113¼	0	0	13.67
Can Utilities 17 87 C$	35†	114¼	115¼	0	0	12.43
Gaz de France 15 89 C$	75†	105⅝	106¼	0	−0⅛	13.64
Gaz Metro 14½ 92 C$	40†	104½	105½	0	0	13.62
O.K.B. 16¾ 88 C$	60†	115	116	0	+0¼	12.88
[illegible]						

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
[illegible]						
Minorco 8¼ 97 †	5/82	8.16	130	141	−3½	−5.87
Murata 5¼ 96	7/81	1571	86⅛	88½	+1⅜	12.84
NKK 8½ 98	7/81	188	78¼	79¾	+0⅞	20.84
Nippon Electric 5⅛ 97	2/82	894.2	114⅞	116¼	+0⅛	8.84
Olympus Optical 6¾ 97	12/82	1331	99⅞	101⅞	−0¼	26.51
Orient Finance 5¼ 97	3/82	1205	94¾	95⅞	−0½	−2.82
Sanyo Electric 5 96	10/81	652	81½	83	−0½	28.59
Sumitomo Electric 5½ 87	3/82	577.3	94	95½	0	11.49
Sumitomo Metal 5¾ 96	10/81	296.1	85	86½	0	39.04
Olympus Opt 4½ 92 SF	12/82	1331	105	105¾	−0¾	35.17
Konishiroku 6¾ 88 DM	6/82	616	110	111	−0¾	16.46
Mitsubishi Heavy 8 90 DM	2/82	263	103¾	104¾	+0¾	24.07
Sun Realty 6¾ 92 DM	2/83	385	107½	108½	−0¾	−8.93

* No information available–previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cu. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

SECTION III CONTENTS

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Thursday February 24 1983

Fortunes of Spanish citrus industry threatened, Page 41

WALL STREET

Industrials ripe for the picking

SELECTIVITY became the name of the game on the New York Stock Exchange yesterday, as the disquiet induced by the shake-out in oil pricing led not to a retreat from the market but a move into those industrial issues which would be most likely to benefit.

This sidestep was encouraged in the early afternoon by the release of healthy figures for durable goods orders last month, which came despite a sharp decline in defence capital procurements.

By 2pm the Dow Jones industrial average was 10.93 ahead at 1,091.33 in a seemingly effortless drive towards recouping the previous day's losses. It closed at 1,096.[illegible], up 16.

Again out front on the early actives list was Pan Am, with buyers anticipating a results turnround if lower fuel costs follow through from the imminent crude price cuts. By midsession it was $½ higher at $5¾.

AT & T, also active, was $½ ahead by that time at $67¼ and IBM $⅝ at $97⅞. Gulf and Western rose $¼ to $20½.

Texas Instruments, by contrast, continued to be beset by selling after its announcement on Tuesday that it had discovered a potentially dangerous electrical defect in its 99/4A home computer, shipments of which it has been forced to halt.

By midway yesterday its stock was a further $3½ lower at $157½ after a $10⅝ plunge the afternoon before.

The credit markets held within a narrow range for much of the day, the longer-dated bonds tending slightly higher hut Treasury bills affected by a Federal Funds rate which leant once more to the high side. After averaging 8.48 per cent on Tuesday, funds shifted upward to 8¾ at some stages but generally held to 8⅝.

At this level the Federal Reserve entered the market on its own account to arrange overnight systems repurchase agreements. The move, a direct support operation which gave prices the desired encouragement, was unexpected by many dealers as Wednesday is the weekly settlements day, and a temporary bulge in Fed Funds has come to be accepted as the norm.

Trading was described as cautious ahead of the auction later yesterday of $5.5bn in five-year, two-month notes, expected to yield about 10 per cent at auction and on the firm end of 9.97 on a when-issued basis.

Meanwhile the benchmark 10⅜ per cent Treasury bonds due 2012 showed an early rise of 5/32 to 98 13/32 while the three-month Treasury hills traded conversely to produce a yield hovering just above 7.9 per cent, edging up from the average 7.888 per cent set at Tuesday evening's auction.

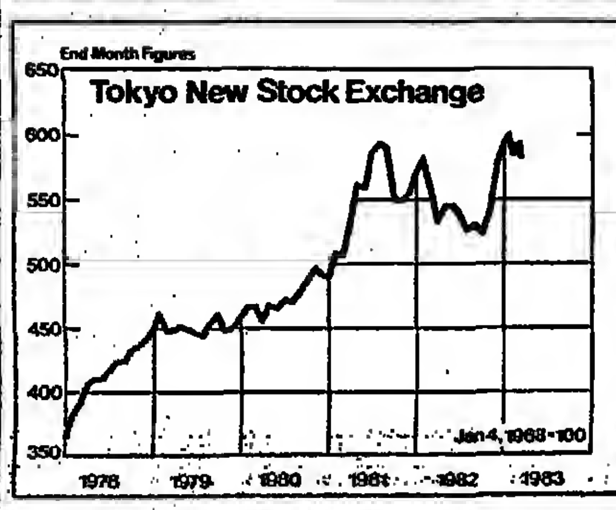
The six-month bills touched 8 per before falling hack more in line with their 7.973 auction average. The 12-month bills steadied at around 8.08 per ceot cent.

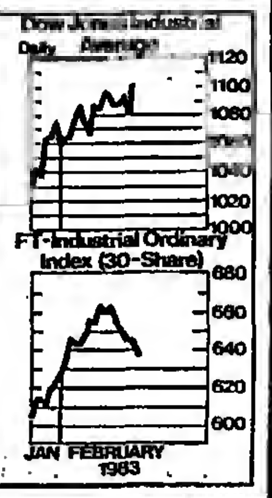
Demand for the longer maturities was noted as coming from retail and foreign sources as confidence grew about inflation prospects, while buying on the futures markets was also said to have supported prices. But follow-through interest began later to wane.

Prices in the corporate sector extended Tuesday's gains from the outset, with gains of a further quarter-point common.

Early modest losses among Toronto stocks were extended for much of the day as the resource-hiased market failed initially to respond to the more buoyant New York sentiment. Banks were disheartened in Montreal.

KEY MARKET MONITORS





STOCK MARKET INDICES

	Feb 23	Previous	Year ago
NEW YORK			
DJ Industrials	1096.'	1080.40	812.98
DJ Transport	485.39*	482.13	334.11
DJ Utilities	123.25*	123.62	105.85
S&P Composite	145.97*	145.46	111.51
LONDON	Feb 23	Prev	Year ago
FT Ind Ord	637.2	642.4	552.6
FT-A All-share	400.92	404.35	320.55
FT-A 500	434.28	437.81	338.19
FT-A Ind	410.68	413.41	311.29
FT Gold mines	631.3	671.3	258.0
FT Govt secs	78.72	78.65	66.39
TOKYO			
Nikkei-Dow	7931.65	7918.16	7714.56
Tokyo SE	579.84	579.00	571.0
AUSTRALIA			
All Ord.	495.4	504.2	501.8
Metals & Mins.	440.3	452.7	366.3
AUSTRIA			
Credit Aktien	48.78	48.89	54.66
BELGIUM			
Belgian SE	106.81	106.66	101.39
CANADA			
Toronto Composite	2057.3 *	2066.7	1658.6
Montreal Industrials	351.83*	353.71	290.75
Combined	341.80*	343.22	275.32
DENMARK			
Copenhagen SE	n/a	113.15	98.34
FRANCE			
CAC Gen	106.8	106.3	108.8
Ind. Tendance	111.8	111.8	118.5
WEST GERMANY			
FAZ-Aktien	263.83	263.75	228.92
Commerzbank	791.3	791.3	698.2
HONG KONG			
Hang Seng	992.81	990.52	1255.33
ITALY			
Banca Comm.	205.0	206.35	201.03
NETHERLANDS			
ANP-CBS Gen	109.1	110.7	85.9
ANP-CBS Ind	98.0	87.1	69.1
NORWAY			
Oslo SE	143.56	147.74	107.42
SINGAPORE			
Straits Times	813.71	808.86	744.96
SOUTH AFRICA			
Golds	n/a	931.2	476.1
Industrial		852.6	684.3
SPAIN			
Madrid SE	103.17	103.21	104.7
SWEDEN			
J & P	1258.91	1232.19	605.06
SWITZERLAND			
Swiss Bank Ind	312.6	312.6	244.3

GOLD (per ounce)

	Feb 23	Prev
London	$472.50	$488.00
Frankfurt	$470.25	$488.25
Zürich	$471.50	$486.50
Paris	$476.63	$509.85
New York futures (Feb)	$472.00*	$480.00

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR Feb 23	U.S. DOLLAR Previous	STERLING Feb 23	STERLING Previous
£	1.5230	1.5205	–	–
DM	2.4190	2.4120	3.68¾	3.67
Yen	234.90	234.15	358	356¾
FFr	8.8600	6.8400	10.44½	10.40
SwFr	2.0340	2.0200	3.10	3.07¼
Guilder	2.6725	2.6675	4.07¾	4.05¾
Lira	1397	1392½	2127	2117
BFr	47.66	47.51	72.67½	72.25
C$	1.2290	1.2260	1.8715	1.8635

INTEREST RATES

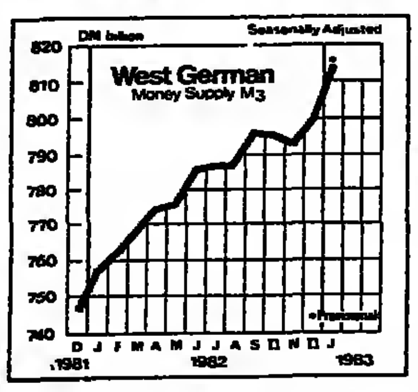
	Feb 23	Prev
Euro-currencies (three month offered rate)		
£	11 7/16	11⅜
SwFr	3⅛	3
DM	5½	5 7/16
FFr	22¾	23
FT London Interbank fixing (offered rate)		
3-month U.S.$	9 5/16	9⅛
6-month U.S.$	9¼	9 3/16
U.S. Fed Funds	8⅝*	8⅝
U.S. 3-month CDs	8.60*	8.60
U.S. 3-month T-bills	7.95*	7.88

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT) 8% $100,000 32nds of 100%				
March	76–26	77–05	76–18	76–23
U.S. Treasury Bills (IMM) $1m points of 100%				
March	92.18*	92.23	92.14	92.22
Cert Deposit (IMM) $1m points of 100%				
March	91.47*	91.49	91.37	91.46
LONDON				
Three-month Eurodollar $1m points of 100%				
March	91.11	91.15	91.07	91.13
20-year Notional Gilt £50,000 32nds of 100%				
March	100–31	101–31	100–12	100–26
Three-month Sterling Deposit £250,000 points of 100%				
March	88.86	88.87	88.70	88.88

LONDON COMMODITY MARKETS

	Feb 23	Prev
Silver (spot fixing)	878.80p	935p
Copper (cash)	£1085.50	£1094.00
Coffee (March)	£1681.50	£1694.00
Oil (spot Arabian light)	$28.32	$28.05



FAR EAST

Tokyo's blue chips regain popularity

BARGAINS abounded in Tokyo yesterday after the four-day, 227.25 slide in the Nikkei-Dow Jones market average, and a revival of light huying hy trust funds was enough to encourage the feeling that it was time for a rally. A more buoyant afternoon took the average 13.49 higher to 7,931.65.

Compnter makers, precisions, light electricals, vehicles and drugs led the way but trading overall remained light at about 360m shares und was still heaviest in low-priced speculatives. The stock exchange index firmed 0.84 to 579.84.

Gains among international populars were not universal. Sony failed to recover from early losses and ended Y60 down at Y3,050, attributed in part to a poor performance on Wall Street overnight, where it ended $½ weaker at $13. In addition, Matsushita Electrical was Y10 off at Y1,120.

But Toshiba rose Y12 to Y309, Fujitsu Y13 to Y888, Fuji Photo Y60 to Y1,550, Toyota Y16 to Y968 and Nippon Electrical Y20 to Y910.

Oil issues did well to recover most of a sharp opening setback, while many mining issues continued to advance despite Tuesday's plunge in the gold price.

A weaker yen brought government bond prices lower as commercial banks turned sellers. Yields at the long end edged up two basis points.

Trading in in Hong Kong was again limited ahead of the hudget statement yesterday by Mr John Bremridge, Financial Secretary, but selective late buying support gave advances a slight edge over declines. The Hang Seng index ended 2.29 ahead at 992.81.

Hang Seng Bank strengthened a dollar to HK$58 and Bank of East Asia HK$1.25 to HK$32. Elsewhere in the sector Wing Lung was unchanged at HK$49 and Hongkong Bank eased five cents to HK$8.95.

Many local investors continued to take profits after the hullish past month, brokers said, but their overseas counterparts remained net buyers.

Singapore showed evidence of revived interest in stocks which are customarily thinly and narrowly traded. MUI added 14 cents to S$3.60, Hume Industries 20 cents to S$3.88, Keppel Shipyard 18 cents to S$4.08 on rumours of an acquisition, and Berjuntai 20 cents to S$6.50 on purchases from ahroad.

The Straits Times industrial index finished 4.85 up at 813.71.

AUSTRALIA

Selloff returns

RENEWED selling in Sydney affected golds, base metal miners, oils and industrials almost indiscriminately.

The All Ordinaries index fell 8.8 to 495.4, undermined largely hy an 11.7 fall in the resources marker to 379.3, while the industrials were 5.2 lower at 639.3. A moderate trading pace left declines ahead of advances hy 226 to 38.

In the golds Central Norseman dropped a dollar to A$8.50. Other mining leaders had BHP 14 cents weaker at A$6.20. Crusader led the oils 30 cents down at A$3.50.

Bargain-hunting lifted Melbourne off its lows hy the close.

SOUTH AFRICA

Golds down

HEAVY local and overseas selling pulled leading Johannesburg golds sharply lower in a rush to catch up with a plunge in the hullioo price nvernight.

Heavyweight losses ranged to R10.50 for Randfontein at R157, while in mining financials Amgold fell even further, down R11.25 at R128.50. De Beers was 35 cents off at R8.

Industrials were steadier hut oil-from-coal producer Sasol finisbed 12 cents weaker at R4.03.

EUROPE

Banks prone to world debt nerves

A FIRMER dollar brought on a correcting of positions on continental European bourses yesterday as stock investors adjusted to the idea of lower world oil prices but a possible consequent unsettling of certain producing nations' deht positions.

This meant that banks generally trailed behind the industrials, most of which were expected to benefit both from the pressure on Opec and from the export allure which weaker domestic currencies would offer.

In a mixed Zurich market, Bank Leu shed SwFr 75 to SwFr 3,975, Swiss Bank a franc to SwFr 322 and Credit Suisse SwFr 5 to SwFr 4,000. The exception was Union Bank which, according to dealers there, purchased its own shares on the day before its annual press conference and finished SwFr 30 ahead at SwFr 3,265.

One major bank was also said to be responsible for mucb of the buying in Swissair. With the airlines likely to be among the major beneficiaries of lower fuel costs, it ended SwFr 5 up SwFr 795.

U.S. stocks, even the oils, were very steady but North Sea-related issues lost ground. Domestic public authority bonds gained strongly after holding within a narrow range in recent days.

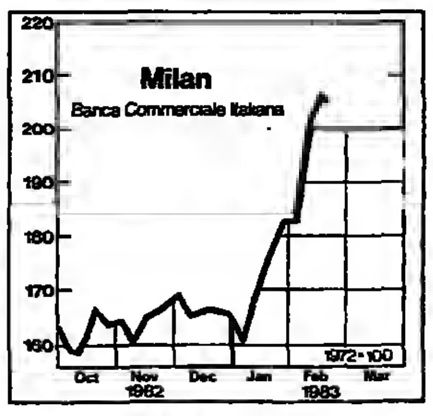
Milan turned lower on profit-taking after an almost uninterrupted advance since the beginning of the month. Again, however, banks and financials fared worse than industrials.

Banca Commerciale Italiana slipped L380 to L36,370 and its index for the market came back 1.35 to 205.00. Fiat moved strongly against the trend, finishing up L99 at L2,450. The two Pirelli stocks also improved, reflecting optimism for the automotive sector.

Convertibles and Treasury certificates were well traded in the bond market, where the Treasury announced plans to offer L3,500bn of two and four-year floating rate certificates with an initial 10 per cent coupon.

Foreign huyers made a late but effective intervention in Frankfurt, taking advantage of a retreat which was continuing from Tuesday. The Commerzbank index, calculated in Düsseldorf at midsession, was unchanged at 791.3 but the FAZ index edged up 0.08 to 263.83 by the close.

Commerzbank itself firmed 90 pfg to DM 131.50 but Dresdner was 80 pfg weaker at DM 140.50. The car makers again made the best of the running.



Domestic bonds were mixed after an auspicious beginning but the Bundesbank was still able to sell DM 11.8m of paper. This was amid news of an M3 money supply growth at an estimated annual rate of 7 per cent last month against December's 3.7 per cent.

Afternoon encouragement came to Amsterdam from news of still lower short-term money market rates. Banks nonetheless ended mainly on the debit side, with losses of Fl 3 for ABN at Fl 322 and Fl 1 for Ned Mid at Fl 119.

But international industrials picked up, particularly KLM which erased earlier losses to end Fl 2 higher at Fl 160.50, partly on the success of its subordinated guilder bond issue.

A moderately active hut mixed Paris session featured a FFr 9.50 boost for Peugeot at FFr 152, while in the oils Elf-Aquitaine managed to hold at FFr 112 after Iran reportedly repaid a $333m deht to the company.

Holding companies performed well in an otherwise mixed Brussels picture, while Stockholm continued on its upward path with a rise of SKr 20 for Alfa-Laval at SKr 450. Madrid beld steady in dull trading.

LONDON

Gilts regain stability as strain shifts

CONFUSION over world oil prices pushed London equities into a retreat yesterday, along with the inflationary implications of a high national water workers' pay settlement. An upturn in international short-term interest rates also caused concern, although the movement in London was not serinus enough to exert pressure on the banks' base lending rates.

Dealers noted Wall Street's easier tone overnight and took precautionary action. Leading shares were lowered several pence and the FT Industrial Ordinary share index was 6.4 down at the first calculation, extended to 7.8 before closing 5.2 off at 637.2 as New York prices picked up again.

The one splash of colour was the debut of Superdrug Stores, which attracted a record subscription. It rose to 303p before closing at 268p, a premium of 93p on the offer-for-sale price of 175p.

Sterling's more stable showing yesterday enabled longer-dated government stocks to close a quarter higher. The shorts' gains extended to 3/16, both after initial losses.

Oil shares remained vulnerable hut staged a good rally later. BP settled only 2p down at 300p after 292p. Shell 12p lower at 412p after 404p.

Mining markets suffered another severe setback as golds, financials, platinums and Australians all attracted renewed heavy selling pressure.

In financials, De Beers dipped 20p to 478p, Gencor £2 to £18, Gold Fields of South Africa £3 to £85 and Anglo American £⅝ to £12¾.

With the Australians already unsettled by the prospect of a possible Labor win in the coming federal election, Gold Mines of Kalgoorlie and Central Norseman lost 60p apiece at 710p and 635p respectively. *Share information service, Pages 42–43.*

NEW YORK STOCK EXCHANGE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
10⅝	5¼	AAR	.44	4.8	22	30	9⅝	9¼	9¼	−½
38	27½	ACF	2.76	8.3	9	31	33¼	33	20¼	
20	12¼	AMF	1.36	8.1	32	407	16⅝	16½	16¾	
25¼	11½	AMR Cp				4070	23⅛	22¼	22⅞	−⅛
12¾	4	AMR	wt			587	10⅞	10⅝	10⅝	−⅛
17⅞	12¼	AMR	pf2.18	12		45	17⅞	17½	17⅞	+⅛
28½	24⅞	AMR	pf2.13	7.9		295	27⅞	26¾	26⅞	+¼
6⅝	2½	APL			28	736	5⅞	5⅛	5½	−¼
38¼	23½	ARA	2	5.3	11	x68	38	36⅞	38	+1
79⅞	24½	ASA	3a	4.5		1547	66½	65	66	−½
27⅞	13⅞	AVX	.32	1.2	38	170	26½	26¼	26⅞	+⅛
41⅛	27	AbtLab	.84	2.1	17	2442	39¼	38⅞	39¼	+⅛
23⅞	15⅞	AcmeC	1.40	7.6	21	35	18⅞	18½	18½	+¼
12⅞	5¼	AcmeE	.32b	2.8	30	58	11½	11¼	11½	+⅛
10⅝	4⅝	AdmDg	.04	.4	10	60	10	9¼	9¼	−⅛
17⅞	12½	AdaEx	1.73e	11		64	15⅞	15½	15¼	+¼
9⅛	4⅝	AdmMl	.20e	2.5	11	7	8	8	8	+⅛
19⅞	12⅞	Advest	s.16	.8	13	x370	19¼	18⅞	19¼	+⅛
38⅛	11¼	AMD	s		57	1510	37¼	35¼	37⅛	+2¼
48⅛	32⅞	AetnLf	2.52	6.7	8	3488	37⅞	37	37⅞	+⅛
65	52⅞	AetL	pf2.49e	4.0		27	63	62	62½	−¼
33⅞	8	Ahmns	.60	2.1		1274	28⅛	27½	28⅛	+½
4	2¼	Aileen				123	3½	3⅛	3⅛	−⅛
[illegible]										

INTERNATIONAL CAPITAL MARKETS

MARCH 14 1983

The Financial Times is proposing to publish a Survey on International Capital Markets in its issue of March 14 1983. The provisional editorial synopsis is set out below.

INTRODUCTION *International capital markets entered a new era during 1982 with the insolvency of several leading* international borrowers and a marked decline in interest rates. This produced a sharp contraction in the Euro-credit market and one of the best ever years for international bonds. How will the markets cope in 1983?
Editorial coverage will also include:

- **The outlook for the world economy**
- **The U.S. credit markets**
- **The Euro-credit market and the outlook for 1983**
- **A look at the major international bond markets**
- **The role of major official institutions in helping to sort out international debt problems**
- **The prospects for offshore banking centres**
- **Export credits**

For further information and advertising rates please contact:

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The size, contents and publication dates of Surveys appearing in the Financial Times are subject to change at the discretion of the Editor

Continued on Page 39

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AMERICAN STOCK EXCHANGE CLOSING PRICES

[illegible]

Continued on Page 40

NEW YORK STOCK EXCHANGE CLOSING PRICES

Continued from Page 38

[illegible]

Continued on Page 40

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E-price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

CANADA

DENMARK

NETHERLANDS

AUSTRALIA

JAPAN (continued)

FRANCE

NORWAY

SPAIN

GERMANY

HONG KONG

SWEDEN

SINGAPORE

AUSTRIA

BELGIUM/LUXEMBOURG

SWITZERLAND

SOUTH AFRICA

ITALY

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

LONDON

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Bowater	190	+ 1
Glaxo	705	+20
Gold Mines Kalgoorlie	710	−60
Highgate Optical	68	+35
ICI	376	− 4
Marchwiel	196	+ 2
North Kalgurli	49½	− 8½
Pres Brand	£31	− 3⅛
Shell Trans	512	−12
Superdrug Stores	270	—
Ultramar	457	−13
Vaal Reefs	£75	− 4¼

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List

Stock	No of changes	Tues close	Day's change
TV Services	28	29	—
Ultramar	16	470	−17
Shell Transport	15	424	−14
Lon & Liverpool	14	495	+17
Euro Ferries	13	72½	+ 6
LASMO	13	250	−12
Ocots	12	250	+ 8
Cons Gold Flds	12	515	−25
Comm Union	11	137	+ 2
Glaxo	11	685	+10
Woolworth	11	230	—
BAT Inds	10	875	—
Jhnsn Matthey	10	306	− 7
Barclays Bank	9	435	− 3

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	54	11	32
Corpns. Dom. & Foreign Bonds	2	8	66
Industrials	155	338	835
Financial & Props.	41	182	282
Oils	7	65	38
Plantations	4	1	17
Mines	9	110	30
Others	41	62	58
Totals	313	777	1,368

NEW HIGHS AND LOWS FOR 1982/3

NEW HIGHS (60)

AMERICANS (3)
Amer. Express — Kaiser Al.
Browning-Ferris — Union Carbide
Gen. Elec.

BANKS (2)
Charterhouse — Wagon Finance

BUILDINGS (7)
Crouch Group — Pochin's
Heywood Williams — Whatlings
Higgs & Hill — Wilson (Connolly)
Marchwiel

CHEMICALS (2)
Croda Int Defd. — Rentokil

STORES (3)
Debenhams — UDS
Kean & Scott

ELECTRICALS (8)
B. & G. Sec. Elec. — Security Centres
MK Electric — U E I

ENGINEERING (3)
Anderson Strclyde — Porter Chadburn
Braithwaite

FOODS (3)
Haslewood — Safeway
Nichols (Vimto)

INDUSTRIALS (11)
Alpine Hldgs. — I.C. Industries
Bibby (J.) — Initial
BO & EA — Relvon
Christies Int. — Sketchley
Electrolux B — Swedish Match
Hartons

INSURANCES (2)
Allianz Vers. — Travelers

LEISURE (1)
SelecTV

MOTORS (3)
Arlington Motor — Lookers
Hartwells

PAPER (1)
Bemrose

PROPERTY (2)
Bairstow Eves — Wingate Prop.

TRUSTS (7)
F. & C. Eurotrust — Energy Fin. Spc. Cnv.
First Scot. Am. — M. & G. Group
Fleming Tech. Inv. — Mercantile House
SPLIT Cap

OVERSEAS TRADERS (1)
Steel Bros.

PLANTATIONS (1)
Malakoff

MINES (2)
Anglovaal — Tronoh

NEW LOWS (14)

BANKS (1)
Ansbacher (H.)

STORES (2)
Hollas Group — Liberty

ELECTRICALS (1)
Sevelle Europe

INDUSTRIALS (1)
Marshall's Universal

PAPER (1)
Smith (David)

PROPERTY (1)
Comoco

OIL & GAS (7)
Clyde Petroleum — LASMO
Edinburgh Secs. — LASMO "Ops"
Genoa — Premier Cons.
Goal Pet.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

No.	Group	Wed Feb 23 1983 Index No.
42	Chemicals (15)	[illegible]
44	Office Equipment (6)	180.2[illegible]
45	Shipping and Transport (13)	578.5[illegible]
46	Miscellaneous (44)	455.1[illegible]
49	INDUSTRIAL GROUP (486)	418.6[illegible]
51	Oils (14)	697.1[illegible]
59	500 SHARE INDEX	434.2[illegible]
61	FINANCIAL GROUP (121)	296.7[illegible]
62	Banks (6)	305.4[illegible]
63	Discount Houses (8)	292.9[illegible]
65	Insurance (Life) (9)	369.9[illegible]
66	Insurance (Composite) (10)	198.2[illegible]
67	Insurance Brokers (7)	545.3[illegible]
68	Merchant Banks (13)	163.4[illegible]
69	Property (54)	451.9[illegible]
70	Other Financial (14)	233.8[illegible]
71	Investment Trusts (109)	403.2[illegible]
81	Mining Finance (4)	253.4[illegible]
91	Overseas Traders (16)	442.3[illegible]
99	ALL-SHARE INDEX (750)	400.9[illegible]

FIXED INTEREST

	PRICE INDICES	Wed Feb 23	Day's change %	Tues Feb 22
	British Government			
1	5 years	116.63	+0.05	116.57
2	5-15 years	125.95	+0.16	125.76
3	Over 15 years	132.35	+0.22	132.06
4	Irredeemables	137.80	−0.12	139.29
5	All Stocks	124.86	+0.14	124.70
6	Debentures and Loans	99.45	−0.17	99.62
7	Preference	76.41	+0.34	76.15

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

FINANCIAL TIMES STOCK INDICES

	Feb. 23	Feb. 22	Feb. 21	Feb. 18	Feb. 17	Feb. 16	year ago
Government Secs.	78.72	78.65	72.54	79.23	72.58	79.75	00.59
Fixed Interest	80.86	80.62	81.08	81.28	81.17	81.12	66.46
Industrial Ord.	637.2	640.4	644.6	645.9	650.8	658.0	552.6
Gold Mines	631.3	671.3	708.2	706.5	721.9	736.6	248.0
Ord. Div. Yield	5.08	5.04	5.03	4.76	4.70	4.62	6.54
Earnings, Yld.% (full)	10.80	10.78	10.75	10.25	10.20	10.10	8.82
P/E Ratio (net) (*)	11.08	11.16	11.18	11.78	11.79	11.82	18.32
Total bargains	24,530	24,204	25,214	25,848	26,624	24,830	20 100
Equity turnover £m.	—	320.28	210.16	225.80	264.43	267.88	150.64
Equity bargains	—	20,574	21,853	25,816	25,550	24,126	16,866
Shares traded (ml)	—	156.1	188.6	200.4	171.7	144.5	107.0

10 am 638.0. 11 am 635.3. Noon 638.3. 1 pm 635.7.
2 pm 634.8. 3 pm 635.3.

Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil = 10.34.

HIGHS AND LOWS

	1982/3 High	1982/3 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	85.84 (5/11)	61.89 (6/1/82)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.02 (12/11)	62.79 (7/1/82)	150.4 (28/11/47)	50.56 (3/1/75)
Ind. Ord.	669.6 (11/2/83)	518.1 (8/1/82)	662.5 (11/2/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2/83)	181.3 (22/7)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 22	Feb. 21
—Daily		
Gilt Edged Bargains	017.2	113.6
Equities Bargains	188.3	141.5
Value	446.6	424.8
5-day Avrge.		
Gilt-Edged Bargains	187.5	178.7
Equities Bargains	162.8	160.0
Value	496.7	495.2

NEW YORK AND CANADA

Indices

NEW YORK — DOW JONES

U.S. INDICES: CLOSING VALUES, YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 39

NEW YORK CLOSING PRICES

Continued from Page 39

COMMODITIES AND AGRICULTURE

No decision yet on withholding rubber

KUALA LUMPUR — Delegates of the Association of Natural Rubber Producing Countries (ANRPC) remain undecided whether measures to withhold supplies from the world market to prop up prices should be continued.

They said Malaysia is pressing for the voluntary cut of nearly 200,000 tonnes by Malaysian and Indonesian producers introduced in October to continue in spite of the recent price recovery.

"Malaysia feels that the price recovery is not really a sustained recovery and there could be a possibility that it would slip back to lower levels," they added.

At a meeting of the Malaysian and Indonesian rubber producers' organisations in October, agreement was reached that Malaysia would withhold 129,000 tonnes over a six-month period and Indonesia 70,000 tonnes.

ANRPC said Indonesia told the current standing committee meeting that the cutback should be discontinued or eased as the rubber price is now recovering.

It added that Thailand is not backing further cuts as it feels the industry can recover by itself and that the measures in the International Natural Rubber Agreement are sufficient to help the market.

Agencies

Our Commodities Staff writes: The London No 1 RSS spot price eased by 0.25p to 68.5p a kilo yesterday, following the jump of 3.5p on Tuesday.

Traders claim that the main buying interest remains speculative, but the continued strength in the market in spite of the fall in gold suggests more fundamental influences are at work too.

The cuts in supplies have helped remove the surplus previously overhanging the market and depressing prices

Metal markets reacting nervously to the decline in gold

BY JOHN EDWARDS, COMMODITIES EDITOR

YESTERDAY'S CONTINUED decline in the price of gold after Tuesday's shock fall brought erratic and nervous trading conditions in other metal markets. Precious metals lost heavily but base metal prices rallied strongly after falling sharply in early trading.

On the London Metal Exchange three months high grade copper closed only £8.25 lower at £1,118.25 a tonne, but at one stage in the morning it was down to £1,096. With aluminium, the three months quotation dropped to £833 before recovering to close at £861.75 a tonne, £8 down on the previous day.

Helping the rally were forecasts of a possible cut in U.S. interest rates, and in the case of copper a report from Lima of further strikes hitting Peruvian output. However, U.S. producer Asarco announced another cut in its U.S. domestic selling price for copper from 82 to 81 cents a pound.

While fundamental supply-demand factors helped base metals rally, free market platinum and silver suffered the full brunt of the collapse in gold.

Free market platinum in London fell by £11.10 to £291.55 an ounce and the bullion spot price for silver plunged by 64.2p to 878.80p an ounce at the morning fixing.

It closed only slightly higher at 884.5p. In the London gold futures market turnover jumped to 2,098 lots (of 100 ounces) and the April position closed $18.95 down at $474 an ounce. The London bullion gold spot price was $15.50 lower at $472.50.

John Wicks in Zurich writes: Both supply and demand of gold are expected to rise on Western markets by 120 tonnes this year, says a report issued by Credit Suisse. The bank considers the market to be "in good shape," particularly since increased Soviet sales are likely only in the case of firm prices resulting from sufficient demand.

Total supply for 1983 is put by Credit Suisse at 1,270 tonnes, as compared with about 1,150 tonnes in 1982 and 1,296 tonnes the previous year.

Mined production, which is believed to have fallen last year from 962 to 950 tonnes, is expected to rise to 970 tonnes due to a modest increase in output by smaller producer countries.

Official sales are estimated at a net 50 tonnes and those of eastern bloc countries 250 tonnes.

In the demand sector, the bank expects private purchases to jump from 40 tonnes last year to 120 tonnes in 1983 in net terms.

The bank expects a rise in industrial demand from 900 to 950 tonnes and for coin and medal production from 180 to 200 tonnes.

Sugar prices continue downward trend

BY OUR COMMODITIES STAFF

SUGAR PRICES on the London futures market fell again yesterday with the May position ending £2.40 below Tuesday's close at £113.675 a tonne.

Opening quotations were £1.75 to £2.40 below the previous night's close but slightly up from rates traded after hours.

Dealers said Tuesday's after-hours decline reflected an easier New York opening based on the decline in gold. Gold's continued weakness also affected yesterday's market tone though some support was derived from a relatively low export authorisation at the weekly tender in Brussels.

The EEC Commission granted export licences covering 33,350 tonnes of white sugar at a maximum rebate of 37.397 European currency units per 100 kilos.

The slide in gold values also hit the cocoa market. The May London futures quotation slipped to £1,265 a tonne in the morning before ending the day £25 down at £1,277.50 a tonne.

Coffee prices followed the decline in other soft commodities. The May futures quotation ended the day £11 down at £1,642.50 a tonne after touching £1,638 a tonne early in the day.

'Modest' response to EEC surpluses

BY RICHARD MOONEY

EEC COMMISSION proposals for an average 4.4 per cent rise in guarantee prices for farm products are described in a House of Lords report published today as a modest attempt to tackle the Community's farm surplus problems.

But the Lords Select Committee on the European Communities thought the proposed rises were still too high for cereals, milk, wine and sugar.

It also urged the Commission to resist pressure for its proposals for production thresholds and price penalties to be watered down by the Council of Agriculture Ministers.

The committee examined the case for zero or very small price increases this year, in the light of the substantial rise in farm incomes despite the continuing recession—the UK Government revealed yesterday that UK farmers' earnings rose 45 per cent last year. But it concluded that this would not be politically realistic.

It commended the price package for its simplicity, which it considers should help in ensuring restraint on prices and excess production.

*The 1983-84 Farm Price Proposals, price £3.10.

Snow damage may alter Spanish citrus industry fortunes

BY OUR OWN CORRESPONDENT

SPANIARDS gaped recently when for the first time in their lives they awoke to see thousands of citrus trees along the Mediterranean coast of Valencia blanketed in snow.

The damage associated with so novel a sight has not yet been properly assessed, but whatever the tally it will reverse the industry's fortunes in a season that has also been remarkable in another respect—massive increases in exports of satsumas and lemons, especially to Britain.

Narrowly escaping damage from the freak Mediterranean blizzard, the season for satsumas, on which Spain has lavished the bulk of its £300,000 advertising budget, closed with the Valencian weather at the other extreme—staging a mini-heatwave.

It also ended with a record delivery to the UK of 85,800 tonnes of the soft citrus variety that has fast been gaining popularity in this country because, researchers say, of the ease with which it peels. Spain's total citrus exports have so far exceeded those for the corresponding period of a year ago by 3 per cent, those to the UK have risen by 16 per cent, with satsumas 33 per cent above last season's quantity.

In percentage terms, lemons have performed even more spectacularly, 65 per cent more having reached Britain in the past year than in the previous 12 months, though the base for the increase was relatively small at 2,900 tonnes.

Spain's exporters are impressed with the flexibility of a market that can suddenly absorb such an increase, but satisfaction is tempered by the knowledge that sales have not been achieved without some concessions on price.

As they wait for the damage from the freeze to be calculated, the Spaniards console themselves that the sugar content of navels and salustianas, of which exports of 170,000 and 32,000 tonnes respectively were forecast, has been optimum, making them less vulnerable to low temperatures than they would otherwise have been.

Moreover, a substantial tonnage of navels and salustianas was already in storage before the cold struck, and much of the balance, still on the trees, is in what are normally the warmest parts of the region.

At all events, the Spanish exporters say they can guarantee that deliveries of high quality oranges will be maintained at close to the export levels predicted until the end of April.

Spain estimates total citrus exports for 1982-83 at 1,867,000 tonnes, compared with last season's 1,878,334 tonnes, the highest for some years. This weight of fruit, combined with the fact that farm prices have been so high, has given rise to anxiety as to whether export margins will be adequate.

There is also a possibility that the export quota as estimated might have to be revised upwards if conditions for the rest of the season remain favourable to production.

While Spain's satsumas and lemons have boomed here, the 32,424 tonnes of navels delivered to the end of January represent a 12 per cent drop from last season's figure, maintaining a trend that has persisted for some years.

The situation does not necessarily reflect on the national appetite. Spain has been trying to divert navels elsewhere as competition here stiffens with the growth of supplies from Greece, Cyprus and Egypt.

Even the success of the satsuma in enlarging its market share is qualified by concern that prices could suffer from lack of information enabling supplies to be tailored more closely to demand. With the achievement of volume, exporters are concentrating on the all-important question of price.

S. Africa halts maize exports

By Bernard Simon in Johannesburg

SOUTH AFRICA is to halt its maize export programme as losses mount from the country's worst drought in a decade.

The maize board has already stopped selling maize directly to traders and today's tender for one cargo is likely to be the last until drought damage is accurately assessed. But Mr Hennie Nel, the board's general manager, says crop estimates have been drastically scaled down in the last week. "We can forget 7m tons," he said.

● BUDGET problems have forced Indonesia to renege on a promise to buy $28m (£18.3m) worth of beef breeding cattle from Australia.

● INDIAN soybean production is expected to rise to 1.45m tonnes a year by 1985 from 0.7m tonnes now, under an official development programme.

● JAMAICA expects to reach more counter-trade agreements to help sell surplus bauxite. Prime Minister Seaga said agreements had already been reached with General Motors and Chrysler to trade automotive equipment for bauxite.

● WORKERS at Bernard Matthews turkey processing plant are being shuttled to Halton, Suffolk. The company's plant at Great Witchingham, Norfolk, was devastated by fire earlier this week.

● FRANCE will demand guaranteed intervention at the European Community reference price for breadmaking wheat from April 1 if the Commission decides to stock more wheat and reduce exports, said M Jean Moulias, director-general of the French grain intervention board.

● UK INTERVENTION board for agricultural produce will offer 25,000 tonnes of breadmaking wheat for sale by tender onto the European Community market in March.

PRICE CHANGES

In tonnes unless stated otherwise	Feb. 23 1983	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt.	$1285/1295	—10	$1085/112
Copper			
Cash h grade	£1088.5	—8.5	£1016.5
3 mths	£1118.25	—8.25	£1048.25
Cash Cathode	£1061.5	—8.5	£991.75
3 months	£1091.5	—9.5	£1021.75
Gold troy oz	$472.5	—15.5	$486.5
Lead Cash	£293.5	—3.5	£300.5
3 months	£305.25	—4	£312.75
Nickel	£4384	......	£4384
Free mkt.	195/225c	—5	170/200c
Palladium	$111.50	—6.25	$120.00
Platinum	£291.55	—11.10	£299.15
Quicksilver†	$340/350	......	$335/345
Silver troy oz.	878.80p	—64.2	838.90p
3 mths	902.65p	—66.05	861.70p
Tin cash	£8660	+25.5	£7928
3 month	£8652	+20.5	£7926.5
Tungsten	$84.55	......	$90.21
Wolfram 22.04 lb	$80/85	......	$78/82
Zinc Cash	£442.25	—3.25	£445.575
3 mths	£456.25	—3.5	£459.575
Producers	$750-800	......	$800

	Feb. 23 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$470z	......	$445
Groundnut	‡	......	‡
Linseed Crude	£317	......	£332
Palm Malayan	$375.0x	—2.5	$375
Seeds			
Copra Philip	$315	......	$300
Soyabean (U.S.)	$240.50	—4.7	$240.2
Grains			
Barley Fut. May	£120.50	+0.10	£117.50
Maize	£142.00	......	£147.00
Wheat Fut. May	£132.90	+0.40	£125.95
No2 Hard Wint	‡	......	‡
Other commodities			
Cocoa ship't*	£1322.5	—17.5	£1069
Fut. May	£1277.5	—15.0	£1233.5
Coffee Ft. May	£1642.5	—11.0	£1689.5
Cotton A. Index	74.65c	......	72.65c
Gas Oil Mar.	$225.00	+4.25	$253.25
Rubber (kilo)	68.25p	—0.25	55.75p
Sugar (Raw)	£103xx	—5	£108
Woolt'ps 64s.	402p kilo	......	394p kilo

‡ Unquoted. w March. x April. z Feb-March. † Per 76-lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.25-28.40	+0.27
Iranian Light	25.00-27.00	......
Arabian Heavy	26.00-26.10	+0.50
North Sea (Forties)	27.20-27.50	+0.10
North Sea (Brent)	27.50	......
African Bonny Lt'ht	28.00	—0.05
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	252-266	—3.0
Gas oil	224-235	—5.5
Heavy fuel oil	150-163	—0.5

GAS OIL FUTURES

Short-covering brought the market in a shade higher and kept prices firmer throughout the morning. The break-up of the Gulf states meeting had little effect on prices but on the reopening prices rallied quickly to the highs as New York came in higher than expected, encouraging further covering, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Feb.	226.00	+1.25	226.00-25.00
March	225.00	+4.25	226.50-21.00
April	212.75	+5.75	219.75-15.25
May	215.75	+4.00	218.75-12.25
June	216.00	+5.00	217.00-12.50
July	217.25	+4.00	217.75-10.50
Aug.	212.00	+5.00	218.00-19.00
Sept.	221.00	+3.50	221.00-19.00
Oct.	220.25	—0.15	221.00-18.00

Turnover: 5,720 (4,943) lots of 100 tonnes.

GOLD MARKETS

Gold fell $15½ to $472-473 in the London bullion market yesterday. It opened at $477½-478½, and was fixed at $479.25 in the morning, falling to $470.25 at the afternoon fixing. Nervousness about the oil price situation and the possible impact on world inflation levels pushed gold down to a low of $469-470. The highest point touched was $482-483.

In Paris the 12½ kilo gold bar was fixed at FFr 105,500 per kilo ($476.63 per ounce) in the afternoon, compared with FFr 106,300 ($480.91) in the morning, and FFr 110,000 ($503.65) Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 37,550 per kilo ($482.03 per ounce), against DM 38,900 ($504.99), and closed at $469¾-470¾, compared with $487¼-488¼.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $482 per ounce, against $503.

In Zurich gold finished at $470-473, compared with $485-488.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
March	470.10-71.0	—18.45	—
April	475.50-74.5	—18.05	487.00-71.0
May	472.00-79.0	—11.40	487.80
June	480.70-81.7	—18.60	494.40-21.0
July	485.00-88.0	—11.85	488.80-86.0
August	488.50-90.0	—17.95	421.60-88.0
Sept	492.50-95.5	—15.05	494.80-82.0

Turnover: 2,098 (851) lots of 100 troy ounces.

GOLD MARKETS

	Feb. 23		Feb. 22	
Gold Bullion (fine ounce)				
Close	$472-473	(£310-310½)	$487½-488½	(£320¾-321¼)
Opening	$477½-478½	(£314½-310¼)	$502½-503½	(£328-328½)
Morning fixing	$479.25	(£315.608)	$503.25	(£332.150)
Afternoon fixing	$470.25	(£309.885)	$485.60	(£512.513)

Gold Coins Feb. 23

EUROPEAN MARKETS

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were erratic on the London Metal Exchange. Copper dropped to £1,096 following the continued weakness in precious metals but rallied strongly to touch £1,121 prior to closing at £1,117 following a sharp rally on Comex. Other metals mirrored this pattern with the notable exception of tin, where further support from the buffer stock manager lifted forward metal to £8,550 at the close. Lead closed at £309.5, after £300, zinc at £455, aluminium at £860, after £833 and nickel at £2,892.5.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	1068-.5	—40.2	1085-6	—8.5
3 months	1101-.5	—41	1118-.5	—8.25
Settlem't	1069.5	—40.5	—	......
Cathodes				
Cash	1045.5-6.5	—40	1061-2	—8.5
3 months	1016-7	—40.5	1091-2	—9.5
Settlem't	1046.5	—40	—	
U.S. Prod.	—	—	*79-85	......

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £1,069.5; three months £1,099, 1,100, 01, 02, 04, 03, 03.5, 1,100, 01, 02, 01.5, 02, 01.5, 01, 01.5. Cathodes: Cash £1,046; three months £1,075. Kerb: Higher Grade: Three months £1,100, 1,099, 97, 98, 99. Afternoon: Higher Grade: Three months £1,119, 20, 21, 20, 20.5, 19, 19, 20, 21, 20, 19.5, 19, 19.5, 19, 19.5, 19. Cathodes: Three months £1,091. Kerb: Higher Grade: Three months £1,115, 16.5, 16, 15, 14, 13.5, 13, 12, 11, 11, 12, 13, 14, 15, 16, 18, 17. Turnover: 51,325 tonnes.

TIN

LEAD

ZINC

ALUMINIUM

NICKEL

£2,890, 95, 90. Turnover: 3,060 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	2805-15	—112	2825-35	+15
3 months	2876-80	—112	2890-5	+18

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

LME—Turnover 186 (225) lots of 10,000 ozs. Morning: Three months 912.0, 11.0, 10.0, 09.0, 08.0, 05.0, 03.0, 04.0, 900.0, 01.0, 02.0, 01.0, 899.0, 98.0. Kerb: Three months 895.0, 92.0, 90.0, 93.0, 95.0. Afternoon: Three months 914.0, 13.0, 12.0, 10.0, 09.0, 08.5, 08.0, 07.0. Kerb: Three months 906.0, 04.0, 02.0, 01.0.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	878.80p	—64.2	882.0p	—41.5
3 months	902.65p	—66.0	906.15p	—41.3
6 months	924.65p	—67.9	—	......
12 months	972.95p	—71.5	—	......

Silver was fixed 64.2p an ounce lower for spot delivery on the London bullion market at 878.80p. U.S. equivalents of the fixing levels were: spot $13.305, down $1.102; three-month $13.585, down $1.131; six-month $13.874, down $1.157; and 12-month $14.545, down $1.23. The metal opened at 896-89p ($13.91-13.65), and closed at 883-886p ($13.45-13.50).

COCOA

Following an easier opening as due, Cocoa futures ran into active commission house selling and traded at limit

COFFEE

GRAINS

POTATOES

RUBBER

SOYABEAN MEAL

SUGAR

COTTON

WOOL FUTURES

430, 426-422; May 434, 439, 436-430; Aug 445, 448, 447-44. Sales: 144.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. March 531.5, 535.0, 531.0-531.0; May 552.0, 554.0, 554.0-551.5; July 569.0, 570.0, 568.0-566.0; Oct 554.0, 554.0, 554.0-552.0; Dec 559.5, 560.0, 560.0-557.0; March 567.0, 570.0, untraded; May 573.0, 580.0, untraded; July 585.0, 586.0, untraded. Sales: 71.

INDICES

FINANCIAL TIMES

Feb. 22	Feb. 21	M'th ago	Y'ar ago
259.72	260.46	251.56	244.19

(Base: July 1 1952=100)

REUTERS

Feb. 23	Feb. 22	M'th ago	Y'ar ago
1689.5	1598.5	1646.5	1607.5

(Base: September 18 1931=100)

MOODY'S

Feb. 22	Feb. 18	M'th ago	Y'ar ago
1070.0	1077.2	1050.5	996.5

(December 31 1931=100)

DOW JONES

Dow Jones	Feb. 22	Feb. 18	Month ago	Year ago
Spot	145.36	148.52	142.89	126.84
Fut'rs	149.1	151.78	147.75	132.81

(Base: December 31 1974=100)

MEAT/FISH

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 79.1 to 93.5. Veal: Dutch hinds and ends 135.0 to 138.5. Lamb: English small 82.0 to 88.0, medium 78.0 to 84.0, heavy 70.0 to 74.0. Imported: New Zealand PL 49.5 to 50.0, PM 48.0 to 49.0, YL 48.0 to 50.0. Pork: English, under 100 lb 33.5 to 50.0, 100-120 lb 41.0 to 49.0, 120-160 lb 35.5 to 46.0.

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £3.10-3.80, codlings £2.10-3.20; large haddock £4.00-4.30, medium £2.90-3.40, small £1.70-2.10; large plaice £4.00, medium £3.80-4.20, best small £2.80-3.40; lemon sole, small £6.50; Dutch £3.60; saithe £1.80.

MEAT COMMISSION—Average fatstock prices at representative markets:

AMERICAN MARKETS

THE UNCERTAINTY of world oil prices was reflected in further sharp declines of precious metals. Repeated efforts to rally failed with silver developing frequent pools limit down. Copper prices rallied sharply on expectations of economic recovery as well as on reports of continued labour disruptions in Peru. Heating oil prices rallied heavily as a correction of yesterday's sold position on the previous day. Coffee prices rose strongly on support from commission houses. Cocoa prices drifted marginally lower with arbitrage buying offset by trade selling.

prices advanced moderately in continuation of the recent price advances which represent a major cyclical bottom. Sugar prices were slightly higher on commission house short covering of an oversold position. Soyabeans and wheat were slightly lower on late profit-taking while maize was mixed with the best support in old-crop months. Technically the performance of most commodity markets represented a correction of yesterday's panic selling. Further developments in oil prices will have a major bearing on the psychological climate, reported Heinold Commodities.

NEW YORK

CHICAGO

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

1982/83 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100⅝	92⅞	Treasury 9½pc '83	99 3/32	.....	9.29	10.40
104⅝	96⅞	Exch. 13¼pc '83	101⅛	.....	13.25	10.78
101⅛	91⅞	Exch. 10pc 1983	99 7/16	.....	10.04	10.51
98¼	87⅞	Funding 5½pc '82-84‡‡	97	−⅛	5.67	9.05
103¼	91⅞	Exch. 11¼pc 1984	100 9/16	.....	11.19	10.63
107¼	96¼	Exchequer 14pc 1984	103⅝	.....	15.54	10.99
94½	81⅛	Exch. 3pc 1984	94⅛	.....	3.10	7.55
105¼	91½	Treasury 12pc 1984	101⅞xd	−⅛	11.78	10.69
112	90¼	Treasury 15pc 1985	106 11/16	−1/16	14.06	11.17
112¼	103¼	Exch. 12pc Cnv. '85	103¼xd	−¼	11.62	10.23
91⅛	73½	Treasury 3pc 1985	90½	.....	3.31	7.70
105½	97½	Treasury 11½pc 1985	100⅞	+⅛	11.40	11.07
102	95½	Treas 8¾pcCnv '85	97¼	−¼	9.00	9.97
107⅛	88⅛	Exch. 12¼pc 1985	101 13/16	+3/16	12.02	11.37
106⅝	86⅛	Exch. 11¼pc '86	100 13/16xd	+1/16	11.64	11.37
90½	64	Treasury 3pc 1986	87⅛	.....	3.43	7.47
107¼	86¼	Treasury 12pc '86	101⅝	+⅛	16.82	11.38
100	80⅛	Treasury 8¼pc '84-86‡‡	96	−⅛	8.85	9.92
116¼	96¼	Treas. 12¼pc '86 Cnv	106¼	−¼	11.53	10.03
114	91⅞	Exch. 14pc 1986	107 3/16	+3/16	13.06	11.52
112	90	Exch. 13¼pc 1987	105½	+⅛	12.56	11.45
84	83 3/16	Exchequer 2½pc 1987	83⅞	.....	2.98	7.23
103½	95⅞	Exch. 10½pc 1987	97 1/16	+⅛	10.82	11.34
30⅛	29 1/16	Ex. 10½pc '87A (£30pd)	29⅛	+1/16	10.76	11.23
93⅛	73⅞	Funding 6½pc '85-87‡‡	90¾	.....	7.16	9.22
85¼	64½	Treasury 3pc 1987	83¾	−¼	3.58	7.41
109	95⅞	Treas. 12pc 1987	101 13/16	+1/16	11.79	11.47
98	72½	Treasury 7¾pc '85-88‡‡	91	.....	8.52	10.11
		Five to Fifteen Years				
102¾	93½	Exch 10½pc '88	99⅝	.....	10.91	11.46
81	60⅛	Transport 3pc '78-88	79⅝	+⅛	1.78	7.77
99	91	Treas. 9½pc '88	94⅛	−⅛	10.26	11.30

Over Fifteen Years

Undated

Index-Linked & Variable Rate

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%.

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[illegible]

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[illegible]

MINES—Continued

Central African

1982/83 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
300	75	Falcon Rh.50c.	300	..	Q25c	10.3	5.0
33	10	Wankie Col. Z$1	20	..	†Q3c	1.2	10.2
28	12	Zam Cpr.SBD0.24	25	–1	—	—	—

Australians

1982/83 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
28½	10	♥ACM 20c	19½	–2	—	—	—
20	6	♥Argosy Gold NL 25c	6	–4	—	—	—
63	46	♥Black Hill Mins.	55	–3	—	—	—
151	52	♥Bond Corp.	55	–5	gQ10c	2.3	12.4
154	58	♥Bougainville 1 Kina	140	–7	Q3.42c	ϕ	1.6
273	147	♥CRA 50c	237	–3	Q3c	—	0.0
154	10	♥Carr Boyd 20c	130	–12	—	—	—
56	21½	♥Central Pacific	24	–1	—	—	—
380	152	♥Crusader Oil	220	–13	—	—	—
26	7	♥Cultus Pac NL	0	–½	—	—	—
27	7	♥Eagle Corp 10c	10	–½	—	—	—
21	8½	♥Endeavour 20c	12	.	—	—	—
810	120	♥GM Kalgoorlie 25c	710	–68	hQ10c	ϕ	0.9
244	134	Hampton Areas 10p	222	–3	†3.0	2.8	1.9
32	10	♥Haoma NW	20	–2	—	—	—
94	28	♥Hill Minerals N.L.	70	–6	—	—	—
22	9	♥Intnl Mining	10	–1	—	—	—
36	2	♥Kalbara Min 20c	28	–3	—	—	—
15½	5	♥Keywest Expl.	13½	–½	—	—	—
130	10	♥Kitchener NL 25c	90	–15	—	—	—
190	92	♥Meekatharra 25c	125	–5	—	—	—
44	15	♥Metals Ex 50c	32	–2	—	—	—
52	15	♥Metramar Mns 20c	34	–6	—	—	—
50	15	♥Mid East Mns A$1	24	–2	—	—	—
279	143	♥MIM Hldgs 50c.	242	–5	Q5c	—	1.3
57	5	♥Mincorp 20c	0	–2	—	—	—
4	2½	♥Minefields Expl 25c	6	.	—	—	—
34	14	♥Newmetal 20c	30	–4	—	—	—
177	77	♥North B Hill 50c	142xr	–2	gQ6c	1.3	2.7
84	10	Nth. Kalgurli	49½	–0½	—	—	—
123	67	♥Oakbridge 50c	70	–5	Q7c	1.7	6.5
98	34	♥Pacific Copper	56		—	—	—
150	68	♥Pancont'l 25c	88	–10	—	—	—
448	211	♥Peko-Wallsend 50c	386	–4	Q15c	—	0.2
31½	6	♥Pelsart Res NL	0	...	—	—	—
273	112	♥Renison 50c	198	–10	Q5c	—	1.6
206	105	♥Do Defd	190	–5	—	—	—
72	30	♥Seltrust A	54	–4	—	—	—
27	8½	♥Southern Pacific	10	–½	—	—	—
50	16	♥Swan Res 20c	34	–3	—	—	—
24	2½	♥West Coast 25c	17		—	—	—
50	6	♥Western Coal 50c	34	–2	—	—	—
270	150	Westn. Mining 50c	222	–13	‡Q2½c	ϕ	‡
91	11	♥Whim Creek 20c	67	–7	—	—	—
30	6	♥York Resources	12	–1	—	—	—

Tins

1982/83 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
255	135	Ayer Hitam $M1	230	+5	Q95c	1.0	11.7
140	55	Geevor	120	.	—	—	—
12	9½	Gold & Base 12½p	11½		—	—	—
630	250	Gopeng Cons.	375	+15	Z20.0	1.2	7.6
670	330	Hongkong	525	.	21.0	ϕ	3.7
24	11	Jantar 12½p	19		1.5	2.8	11.3
130	42	Kamunting $M0.50	122	....	tvQ27½c	0.8	6.4
650	350	Killinghall $M1	650	..	vhQ60c	ϕ	2.6
98	43	Malaysia Mng. 10c	82	....	vQ17.1c	1.6	6.1
42	20	♥Pahang	40	.	‡0.63	0.8	‡
450	280	Pengkalen 10p	325	. .	1.0	—	0.9
330	190	Petaling $M1	295	..	vQ60c	ϕ	5.0
200	130	Sungei Besi $M1	200	+3	tvQ185c	0.6	‡
55	25	♥Supreme Corp M$1	45	...	vhQ3½c	ϕ	2.4
110	93	Tanjong 15p	105	+3	g3.5	ϕ	4.8
85	43	♥Tongkah H. Tin $M1	63	. .	vQ5c	1.3	2.0
260	125	Tronoh $M1	260	+5	tvQ50c	2.3	5.5

Miscellaneous

1982/83 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
90	20	♥Anglo-Dominion	80	.....	—	—	—
125	25	♥Anglo Utd. Dev.	77	.. ..	—	—	—
		For Burma see Southwest Res					
135	27	♥Colby Res Corp.	120	....	—	—	—
485	170	Cons. Murch. 10c.	440	–30	‡Q60c	1.9	‡
8	1½	‡‡Explaura Gold	4½	–½	—	—	—
155	55	♥Highwood Res	145	+5	—	—	—
£40½	£25	Homestake Mining $1	£36¼	–2½	Q40c	—	0.7
495	160	Northgate C$1	430	–45	—	—	—
552	344	R.T.Z.	505	–12	16.0	1.6	4.5
£122	£84	Do 9½%Cv.Un.Ln.'95-2000	£115	–2	Q9½%	23.9	†8.4
33	11	♥Sabina Inds C$1	28	–2	—	—	—
17½	12½	‡Southwest Res 10p	14	......	—	—	—
530	270	♥Tara Explm $1	450	+5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ❋ USM: not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¢ No par value

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	49	......
Bertrams	17¢	......
Bdg'wtr. Est. 50p	485	......
Craig & Rose £1	£12½	......
Finlay Pkg. 5p	31	......
Graig Ship. £1	£21	......
Higsons Brew	103	–2
Holt (Jos) 25p	890	+10
I.O.M. Stm. £1	95	......
Pearce (C. H.)	£12	......
Peel Hldgs.	166	+2

IRISH

Exch. 15pc 1983	£100⅛	+⅛
Nat. 9¾% 84/89	£82½	......
Fin. 13% 97/02	£95	+¼
Alliance Gas	110	......
Arnott	190	......
Carroll (P.J.)	83½	+½
Concrete Prods.	48	......
Heiton (Hldgs.)	15	—
Ins. Corpn. Ireland	340	......
Irish Ropes	28	......
Jacob	41	......
T.M.G.	90	......
Unidare	42	......

OPTIONS

3-month Call Rates

Industrials					
		House of Fraser	15	Utd. Drapery	7
Allied-Lyons	15	I.C.I.	24	Vickers	12
BOC Grp.	17	"Imps"	10	Woolworth Hld.	35
B.S.R.	6	I.C.L.	4		
Babcock	10	Ladbroke	16	**Property**	
Barclays Bank	35	Legal & Gen.	28	Brit. Land	7½
Beecham	35	Lex Service	16	Cap. Counties	12
Blue Circle	44	Lloyds Bank	35	Land Secs.	26
Boots	22	"Lofs"	4	MEPC	17
Bowaters	19	London Brick	11	Peachey	14
Brit. Aerospace	28	Lucas Inds.	12	Samuel Props.	10
B.A.T.	50	"Mams"	12	Town & City	3
Brown (J.)	4	Mrks. & Spncr	16		
Burton Ord.	24	Midland Bank	30	**Oils**	
Cadburys	11	N.E.I.	9		
Courtaulds	4	Nat. West. Bank	38	Brit. Petroleum	26
Debenhams	8½	P & O Dfd.	14	Burmah Oil	12
Distillers	20	Plessey	50	Charterhall	5
Dunlop	5½	Racal Elect.	45	KCA	4
Eagle Star	30	R.H.M.	6	Premier	4
F.N.F.C.	4	Rank Org. Ord.	15	Shell	35
Gen. Accident	35	Reed Intnl.	26	Tricentrol	22
Gen. Electric	24	Sears	9	Ultramar	42
Glaxo	45	T.I.	13		
Grand Met.	25	Tesco	8	**Mines**	
G.U.S. 'A'	50	Thorn EMI	38	Charter Cons.	20
Guardian	38	Trust Houses	13	Cons. Gold	40
G.K.N.	15	Turner & Newall	4	Lonrho	4
Hawker Sidd	35	Unilever	68	Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 39

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Nervousness boosts dollar

The dollar was very firm in nervous early foreign exchange trading, as the market looked for a safe haven at a time of uncertainty. Doubts about the impact of falling oil prices on the major economies and the very weak economies of some oil producers, with possible implications for the international banking crisis, pushed the U.S. currency up quite sharply. But it weakened later to finish only slightly above the lowest levels of the day.

Sterling fell to a record trading low against the dollar during the morning, but was generally firm against other currencies, and eventually finished slightly stronger against the dollar.

DOLLAR — Trade-weighted index (Bank of England) 119.8 against 120.2 six months ago. The dollar is showing renewed strength as a safe haven for funds during a period of extreme uncertainty about the effects of falling oil prices on other currencies. U.S. interest rates have not fallen as sharply as once expected, partly because of the high level of Federal funding. These factors are tending to outweigh the present trade position and large U.S. balance of payments deficit.

The dollar rose to DM 2.4120 from DM 2.4120 against the D-mark; to FFr 6.86 from FFr 6.84 against the French franc; to SwFr 2.0340 from SwFr 2.02 in terms of the Swiss franc; and to Y234.90 from Y234.15 against the Japanese yen.

STERLING — Trading range against the dollar in 1982-83 is 1.9265 to 1.5150. January average 1.5735. Trade-weighted average 80.1, against 79.9 at noon, 80.0 at the opening, 79.7 at the previous close, and 91.6 six months ago. Sterling has renewed its recent decline and is still very weak and vulnerable. Uncertainty about the level of world oil prices, despite the recent cut of $3 a barrel in North Sea values, is the major factor. Falling inflation, a decreasing budget deficit and one of the largest trade surpluses of any major industrialised nation appear to have been ignored for the time being.

Sterling touched an all-time low of $1.5120-1.5130 in the morning, but then rose steadily to a peak of $1.5240-1.5250 in the afternoon, before closing at $1.5225-1.5235, a rise of 25 points on the day. The pound rose to DM 3.6875 from DM 3.67; to FFr 10.4450 from FFr 10.40; to SwFr 3.10 from SwFr 3.0725; and to Y358 from Y356.25.

DEUTSCHEMARK — Trading range against the dollar in 1982-1983 is 2.4940. Trade-weighted average 2.3900. Trade-weighted index 128.4 against 125.2 six months ago. The Deutschemark has been unsettled during the run up to the March general election. Favourable trade figures and little hope of a cut in interest rates before March have helped to underpin the currency however, although there are now signs of a move back into the dollar which is depressing European currencies in general.

The Deutschemark weakened against the dollar at the Frankfurt fixing. The Bundesbank did not intervene when the U.S. currency rose to DM 2.4236 from DM 2.3960, reflecting nervousness about the present situation regarding world oil prices. Sterling made a partial recovery after its recent weakness on oil fears, rising to DM 3.6750 from DM 3.6580. The French franc was unchanged at DM 35.265 per 100 francs, while the Dutch guilder fell to DM 90.475 from DM 90.495 per 100 guilders.

BELGIAN FRANC — Trading range against the dollar in 1982-83 is 50.31 to 38.12. January average 46.89. Trade-weighted index 93.9 against 94.7 six months ago. The Belgian franc has fallen against the stronger EMS members over the past year, leading to speculation about a possible devaluation. After showing a particular weakness against the Dutch guilder the Belgian currency has come under renewed pressure against the Deutschemark, and is now trading outside its official EMS divergence limit.

The Belgian franc remained generally weak, but did not encounter any new speculative pressure yesterday.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 23	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9704	45.0145	+0.10	+1.58	±1.5501
Danish Krone ...	8.23400	8.12383	−1.34	+0.14	±1.6430
German D-Mark	2.33379	2.28735	−1.99	−0.51	±1.0888
French Franc ...	6.61387	6.48498	−1.86	−0.47	±1.3940
Dutch Guilder ...	2.57971	2.52731	−2.03	−0.55	±1.5004
Irish Punt.........	0.691011	0.689300	−0.25	+1.23	±1.6691
Italian Lira	1350.27	1317.18	−2.45	−1.52	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Feb. 23	£	$		£ Note Rates
Argentina Peso .	89,698 89,758	59,000-58,050	Austria...	25.75 26.05
Australia Dollar..	1.5800 1.5820	1.0385 1.0300	Belgium	75.90 76.80
Brazil Cruzeiro .	576.34 580.34	378.54 381.44	Denmark.......	13.89-13.18
Finland Markka..	8.2300-8.8500	5.4030-5.4050	France........	10.41-10.51
Greek Drachma..	185.457-128.645	85.70-83.00	Germany......	3.67-3.71
Hong Kong Dollar	10.04 10.05½	6.6090 6.6070	Italy	2095-2140
Iran Rial	[illegible]	[illegible]	Japan	[illegible]
Kuwait Dinar(KD)	[illegible]	[illegible]	Netherlands	[illegible]
Luxembourg Fr.	[illegible]	[illegible]	Norway	[illegible]
Malaysia Dollar	[illegible]	[illegible]	Portugal	[illegible]
New Zealand Dlr.	[illegible]	[illegible]	Spain	[illegible]
Saudi Arab. Riyal	[illegible]	[illegible]	Sweden	[illegible]
Singapore Dollar	[illegible]	[illegible]	Switzerland	[illegible]
Sth. African Rand	[illegible]	[illegible]	United States	[illegible]
U.A.E. Dirham	[illegible]	[illegible]	Yugoslavia	[illegible]

*Selling rates

CURRENCY RATES

Feb. 23	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	[illegible]	[illegible]	[illegible]
U.S. $	[illegible]	[illegible]	[illegible]
Canadian $	[illegible]	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]	[illegible]
Belgian F	[illegible]	[illegible]	[illegible]
Danish Kr	[illegible]	[illegible]	[illegible]
D mark	[illegible]	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]
French F	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]
Norwgn Kr	[illegible]	[illegible]	[illegible]
Spanish Pta	[illegible]	[illegible]	[illegible]
Swedish Kr	[illegible]	[illegible]	[illegible]
Swiss Fr	[illegible]	[illegible]	[illegible]
Greek Dr'ch	[illegible]	[illegible]	[illegible]

* CS/SDR rate for Feb 22, 1.34289.

CURRENCY MOVEMENTS

Feb. 23	Bank of England Index	Morgan Guaranty Change %
Sterling	80.1	−30.7
U.S. dollar	119.8	+10.6
Canadian dollar	90.1	−17.3
Austrian schilling	119.9	+29.4
Belgian franc	93.9	−8.5
Danish kroner	83.7	−10.2
Deutsche mark	128.4	+55.3
Swiss franc	148.7	+106.2
Guilder	118.7	+87.6
French franc	74.1	−18.8
Lira	53.3	−68.6
Yen	146.3	+39.4

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

THE POUND SPOT AND FORWARD

Feb 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland	1.1060-1.1150	1.1100-1.1120	0.25-0.39p dis	−3.45	0.86-1.05dis	−3.44
W. Ger.	3.67-3.70	3.68¼-3.69¼	2-1½pf pm	5.69	5¼-6¼ pm	5.83
Portugal	139.50-142.50	140.50-142.00	600-1275c dis	−75.40	750-2285dis	−42.97
Spain	197.60-199.00	198.60-198.90	145-200c dis	−10.41	415-505 dis	−9.26
Italy	2118-2128	2126-2128	13-17 lire dis	−8.46	51-57 dis	−10.16
Norway	10.81-10.88	10.87-10.88	¼-1¼ore dis	−1.38	4¼-5¼ dis	−1.93
France	10.41½-10.47	10.44-10.45	6½-8½c dis	−8.62	27-30 dis	−10.91
Sweden	11.26½-11.33½	11.32½-11.33½	¼ore pm-¼ dis	−0.67	1-½ pm	0.20
Japan	355-359	357½-358½	1.45-1.25y pm	4.52	4.15-3.95 pm	4.52
Austria	25.75-25.95	25.90-25.95	12¼-10½gro pm	5.26	37-32 pm	5.32
Switz.	3.06-3.11	3.09½-3.10¼	2¼-1¼c pm	7.74	6½-6 pm	8.06

Belgian rate is for convertible francs. Financial franc 75.80-75.90. Six-month forward dollar 1.58-1.53c pm. 12-month 2.00-1.85c pm.

THE DOLLAR SPOT AND FORWARD

Feb 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	8.5850-8.6300	8.5830-8.5960	3-4ore dis	−4.87	10¼-11¼dis	−4.99
W. Ger.	2.4145-2.4385	2.4185-2.4195	0.69-0.64pf pm	3.30	2.21-2.16 pm	3.61
Portugal	91.50-93.40	92.30-93.30	350-850c dis	−77.83	550-1650dis	−45.40
Spain	130.40-130.95	130.40-130.50	120-170c dis	−13.29	365-415dis	−11.91
Italy	1398½-1405	1396½-1397½	12-13½ lire dis	−10.91	43-46½ dis	−12.62
Norway	7.1400-7.1625	7.1400-7.1450	1¼-2¼ore dis	−8.78	7½-8½ dis	−4.49
France	6.8500-6.9050	6.8575-6.8625	6-6½c dis	−10.92	22-23 dis	−13.11
Sweden	7.4300-7.4565	7.4400-7.4450	1.30-1.80ore dis	−2.48	4.00-4.50dis	−2.28
Japan	233.80-236.70	234.85-234.95	0.46-0.41y pm	2.22	1.40-1.32 pm	2.31
Austria	17.01-17.08½	17.01-17.02	4¼-3½gro pm	2.72	13¼-10¼ pm	2.91
Switz.	2.0305-2.0500	2.0335-2.0345	0.98-0.88c pm	6.48	2.98-2.94 pm	5.83

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 49.75-49.85.

EXCHANGE CROSS RATES

Feb. 23	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.523	3.688	358.0	10.445	3.100	4.073	2187.	1.878	79.68
U.S. Dollar	0.657	1.	2.481	235.1	6.858	2.035	2.674	1597.	1.228	47.72
Deutschemark	0.271	0.413	1.	97.06	2.833	0.841	1.104	576.8	0.508	19.71
Japanese Yen 1,000	2.793	4.254	10.30	1000.	28.18	8.659	11.38	5941.	5.228	205.0
French Franc 10	0.957	1.458	3.530	342.7	10.	2.968	3.899	2036.	1.792	69.58
Swiss Franc	0.385	0.491	1.190	115.5	3.569	1.	1.314	686.1	0.604	23.44
Dutch Guilder	0.246	0.374	0.905	87.91	2.565	0.761	1.	522.3	0.460	17.85
Italian Lira 1,000	0.470	0.716	1.734	168.3	4.911	1.407	1.815	1000.	0.880	34.17
Canadian Dollar	0.534	0.814	1.970	191.3	5.581	1.656	2.176	1137.	1.	38.83
Belgian Franc 100	1.376	2.086	5.074	492.8	14.57	4.266	5.604	2827.	8.575	100.

FINANCIAL FUTURES

Renewed buying

Sterling denominated contracts attracted good buying interest on the London International Financial Futures Exchange yesterday. The long-term gilt contract tried to rally several times after a weak start. Sterling's recovery on the foreign exchanges led to improved sentiment on Liffe, and a general feeling that after the recent fall prices represented a good buying opportunity. Volume in gilt trading was little changed from Tuesday, with the March date opening 1/32 lower at 100-12, the weakest level of the day, and closing 3/32 higher at the day's high of 100-31, amid hopes that a further strengthening of prices may occur.

Most of the activity in the short-sterling contract remained concentrated in the June month, which opened 16 basis points lower at 89.23, but finished 10 points firmer near the day's peak at 89.49. September was 30 points firmer on the day at one time, which traders said was well above the indicated cash price, suggesting arbitrage trading against the Eurodollar contract. It closed 17 points higher at 89.82.

The weakness of the Swiss franc led to a special margin call for one day on holders of long positions. This was the second time that such a move has been made on the Swiss franc since Liffe began trading and does not represent any change in the basic margin.

Eurodollar volume was also little changed, with trading remaining in a very narrow range. March finished two points down at 91.11, and June two points higher at 90.86.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	91.11	91.15	91.07	91.13
June	90.86	90.90	90.54	90.84
Sept	90.54	90.57	90.90	90.48
Dec	90.30	90.30	90.30	90.24
March	89.99	—	—	89.97

Volume 1,422 (1,100)
Previous days' open int. 2,914 (2,919)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
March	88.86	88.87	88.70	88.88
June	89.49	89.51	89.14	89.39
Sept	89.82	89.95	89.45	89.65
Dec	89.86	90.00	89.90	89.70

Volume 1,779 (1,590)
Previous day's open int. 2,555 (2,428)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	100-31	100-31	100-12	100-26
June	100-21	100-24	100-08	100-17
Sept	100-08	100-08	100-08	100-01

Volume 1,735 (1,853)
Previous day's open int. 2,559 (2,431)
Basis quote (clean cash price of 15½% Treasury 1998 less equivalent price of near futures contract) 4 to 12 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.515	1.5190	1.5120	1.5210
June	1.5078	1.5090	1.5030	1.5130
Sept	1.4995	—	—	1.5060

Volume 304 (643)
Previous day's open int. 883 (874)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.4123	0.4135	0.4167	0.4175
June	0.4158	0.4164	0.4148	0.4215
Sept	0.4201	0.4201	0.4201	0.4248

Volume 70 (124)
Previous day's open int. 217 (281)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.4904	0.4922	0.4895	0.4997
June	0.4975	0.5000	0.4959	0.5063
Sept	0.5059	—	—	0.5159

Volume 168 (27)
Previous day's open int. 351 (344)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4257	0.4267	0.4230	0.4292
June	0.4283	0.4283	0.4257	0.4320
Sept	0.4286	—	—	0.4323

Volume 75 (39)
Previous day's open int. 337 (326)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	76-27	77-06	76-18	76-23
June	76-06	76-18	75-28	75-13
Sept	75-17	75-24	75-08	75-10
Dec	76-02	75-08	74-23	74-26
March	74-21	74-25	74-13	74-13
June	74-13	74-14	74-06	74-03
Sept	74-05	74-05	73-30	73-27
Dec	73-30	73-31	73-21	73-20
March	73-24	73-24	73-17	73-14
June	73-18	73-19	73-12	73-08

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	92.17	92.23	92.14	—
June	92.17	92.21	92.10	—
Sept	91.88	91.91	91.77	—
Dec	91.54	91.55	91.43	—
March	91.19	91.20	91.18	—
June	90.95	90.86	90.77	—
Dec	90.20	90.22	90.20	—

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.50	90.55	90.49	90.49
March	91.48	91.49	91.37	91.46
June	91.10	91.22	91.05	91.10
Sept	90.86	90.86	90.75	90.78

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.87	90.86	90.77	90.83
June	90.61	90.63	90.53	90.58
Sept	90.33	90.33	90.23	90.27
Dec	90.01	90.03	89.95	89.89
Feb	—	—	—	—

STERLING (IMM) $s per £

	Latest	High	Low	Prev
March	1.5215	1.5325	1.5110	1.5130
June	1.5126	1.5225	1.5005	1.5035
Sept	1.5165	1.5155	1.4990	1.4990
Dec	1.5070	1.5120	1.4980	1.4970
March	1.5070	1.5070	1.5070	1.4970
June	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	70-21	71-04	70-18	70-28
June	69-26	70-08	69-24	69-31
Sept	68-31	69-14	68-30	69-06
Dec	68-11	68-23	68-10	68-16
March	67-31	68-08	67-30	68-00
June	67-20	67-25	67-20	67-19
Sept	67-10	67-18	67-10	67-08
Dec	66-31	67-06	66-29	66-31
March	—	—	—	66.24
June	—	—	—	—
Sept	—	—	—	—
Dec	—	—	—	—

MONEY MARKETS

Early pressure eases in London

UK clearing bank base lending rate 11 per cent (since January 12 and 13)

London interest rates rose nervously in early trading yesterday, reflecting the continued weakness of sterling on the foreign exchanges. The pound's main problem was against a strong dollar however, and when the U.S. currency lost ground in late trading the immediate pressure on interest rates eased.

In the interbank market overnight loans opened at 11¾-11⅞ per cent, but drifted away to close at 5 per cent, on indications that the authorities may have given more help to the money market than underlying factors required.

The Bank of England forecast a money market shortage of £450m, and supplied total assistance of £482m. Bills maturing in official hands and a take-up of Treasury bills from Friday's tender drained £142m. The unwinding of repurchase agreements absorbed another £280m, while Exchequer transactions took out £50m from market liquidity, and a rise in the note circulation £70m.

Before lunch the authorities bought £427m bills outright, by way of £15m bank bills in band 1 (up to 14 days maturity) at 11 per cent; £367m bank bills in band 2 (15-33 days) at 11 per cent; and £45m bills in band 3 (34-63 days) at 11 per cent.

In the afternoon the Bank of England purchased a further £46m bank bills in band 3 at 11 per cent, and £9m bank bills in band 4 (64-84 days) at 11 per cent.

In Amsterdam the official rate for Dutch call money fell to 3 per cent from 4¾ per cent, in line with money market trends. Call money was quoted on the market at 2¾-3¼ per cent compared with 4¾-4¾ per cent on Tuesday. Fixed period rates also showed an easier trend. Latest figures have indicated a liquidity surplus of around Fl 100m, the first for several weeks, but the sharp decline in the call money rate is likely to be only temporary because a special advance of Fl 3.33bn expires today. The Dutch Finance Ministry announced that it intends to open tenders tomorrow for an issue of five-year Treasury bills for payment on March 1.

[illegible] the Bank of Italy reported that Italian interest rates were generally stable in January. The average interbank rate rose by only 0.01 per cent to 19.06 per cent, while average minimum lending rates fell by 0.02 per cent to 20.83 per cent. Average deposit rates rose about 0.06 per cent, with January maximum levels touching 18.66 per cent.

LONDON MONEY RATES

Feb. 23 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	6-11½	—	—	—	8-11½	10-11¼	—	—	—
2 days notice	—	—	11⅜-11½	—	—	—	—	—	—	—
7 days or ...	—	—	—	—	—	11¾	—	—	—	—
7 days notice	—	11⅜ 11¾	11⅜-11½	—	—	11¾-11⅞	11	—	—	—
One month	11⅝-11½	11 [illegible]	11½	18⅛-11⅞	11½	11⅞	11	11-11 1/32	11 1/16	11 [illegible]
Two months	11 [illegible]	11½ 11⅝	11½	12-11¾	11½	11⅞	11	11-11 1/32	11 [illegible]	11 [illegible]
Three months	11 [illegible]	11½ 11 [illegible]	11⅜	19-11¾	11 [illegible]	—	10⅞	10 [illegible]-11	11	11⅝
Six months	11 [illegible]	11 11½	11¼	10⅝-10⅝	11⅜	—	—	—	10 [illegible]-10⅝	11 [illegible]
Nine months	11 [illegible]-11	11-11⅜	—	11¼-11	11¼	—	—	—	—	—
One year	11-11 [illegible]	10⅞ 11¼	11	11-10⅝	11⅛	—	—	—	—	—
Two years	—	—	11⅜	—	—	—	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period January 5 to February 1 1983 (inclusive) 11.327 per cent.

Local authorities and finance houses seven days' notice others seven days fixed. Long-term local authority mortgage rates nominally three years 11½ per cent; four years 11¾ per cent; five years 11⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rate for four month bank bills 10 13/16 per cent; four month trade bills 11 5/16 per cent.

Approximate selling rate for one month Treasury bills 10 29/32-11 per cent; two months 10 29/32 per cent and three months 10 15/16 per cent. Approximate selling rate for one month bank bills 11 1/32 per cent; two months 10 27/32 per cent and three months 10⅞ per cent; trade bills 11 5/16 per cent; two months 11 9/32 per cent and three months 11⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 11 per cent from February 1, 1983. London and Scottish Clearing Bank Rates for lending 11 per cent. London Deposit Rates for sums at seven days notice 8 per cent.

Treasury Bills: Average tender rate of discount 10.63468 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 11¼ per cent; one-three month 11½ per cent; three-six month 11¼ per cent; six-12 month 11⅛ per cent. Under £100,000 11 per cent from February 23. Deposits held under Series 3-5 11¼ per cent. The rate for all deposits withdrawn for cash 8½ per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Feb. 23	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	11⅜-11½	11½-11⅝	11½-11⅝	11 [illegible]-11 [illegible]	11 [illegible]-11 [illegible]	10 [illegible] 11 [illegible]
U.S. Dollar	8¾-9	8¾ 9	8¾-9	8⅞-8⅞	[illegible]	9⅝ 9⅝
Can. Dollar	9¼-10¼	8¼-9¾	9 [illegible] 9 [illegible]	8⅝ 9⅝	9⅝ 9⅝	9 [illegible] 10 [illegible]
D. Guilder	4½-4⅝	4⅝ 4¾	4⅝-4¾	4⅝ 4¾	4 [illegible]-4 [illegible]	5¼ 5¼
S. Franc	1¼-1½	5¼-6½	2⅞ 3	3 [illegible] 3⅛	5½ 3⅝	5¾ 5⅞
Deutschm'rk	5⅛-5⅜	5⅜-5½	5 [illegible] 5½	5 [illegible] 5½	5½-5⅝	5 [illegible]-5 [illegible]
Fr'nch Franc	12½-13	13¾-14	20½-30¼	32 92¾	30½ 21¼	18¾ 19
Italian Lira	16-17⅛	17-18	19⅝ 21½	91⅜ 29⅜	81¼-21⅞	91-91¾
Belg. Franc Conv.	11-12	12-13	13¼-14¼	14-14¼	13¾-14½	12⅝-13⅛
Fin.	11¾ 12¼	12-12¼	12⅛-12⅜	12⅛-12⅜	12¼-12¾	12¼ 12½
Yen	6¼ 6½	6½-6⅝	6 [illegible]-6 [illegible]	6⅝-6¾	6½-6⅝	6⅝-6¾
D. Krone	11⅞-12⅜	14¼-14¼	15½-16¼	16⅞ 17⅜	16⅜-16⅞	16½ 17
Asia $ (Sing.)	8 [illegible]-8 [illegible]	8⅞-9	8⅞-9	8 [illegible] 9 [illegible]	9 [illegible] 9 [illegible]	9⅜-9½

FT LONDON INTERBANK FIXING

(11.00 a.m. FEBRUARY 23)

3 month U.S. dollars		6 months U.S. dollars	
bid 8 15/16	offer 9 1/16	bid 9 1/8	offer 9 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	8¾-9
Treasury bills (13-week)	7.96
Treasury bills (26-week)	7.99

GERMANY

Lombard	5.0
Overnight rate	6.45
One month	6.475
Three months	5.675
Six months	5.65

FRANCE

Intervention rate	12.5
Overnight rate	12.625
One month	12.8125
Three months	12.9375
Six months	12.8125

JAPAN

Discount rate	5.5
Call (unconditional)	6.59375
Bill discount (3-month)	6.84375

SWITZERLAND

Discount rate	4½
Overnight rate	½-1½
One month	2⅞-2⅞
Three months	2 15/16-3 1/16

NETHERLANDS

Discount rate	4½
Overnight rate	2¾-3¼
One month	4⅝-4¾
Three months	4¾-4⅞
Six months	4¾-4⅞

$ CERTIFICATES OF DEPOSIT

One month	8.50-8.60
Three months	8.56-8.55
Six months	8.75-8.60
One year	9.00-9.20

LONG TERM EURO $

Two years	10¾-11
Three years	11⅛-11⅜
Four years	11⅜-11⅝
Five years	11⅞-12⅛

SDR LINKED DEPOSITS

One month	5 [illegible]-9 [illegible]
Three months	9⅜-9⅞
Six months	9 [illegible]-9 [illegible]
One year	9 [illegible]-9 [illegible]

ECU LINKED DEPOSITS

One month	11⅛-11⅜
Three months	11 [illegible]-11 [illegible]
Six months	11¼-11⅜
One year	10 [illegible]-11 [illegible]

Authorised Units—continued

Insurances—continued

Offshore and Overseas—continued

Perpetual U.T. Managers (Jersey) Ltd
PO Box 459, St Helier, Jersey. 0534 74517
Offshore Gwth 98.3 104.6 ..... 2.0

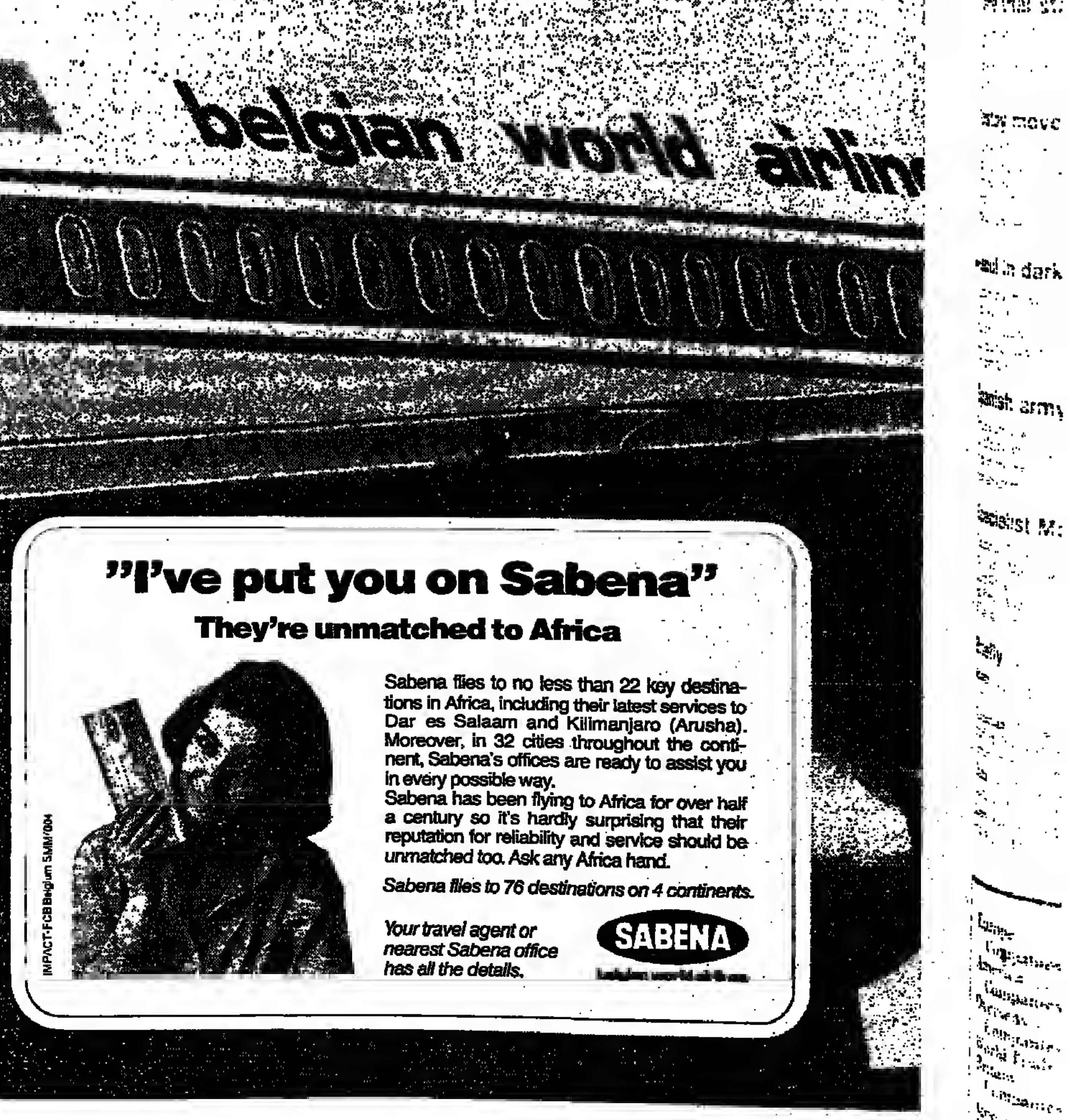
Schroder Mngt Services (Jersey) Ltd
PO Box 105, St Helier, Jersey. 0534 27581
Schroder Money Funds Ltd

Sterling	£13.3056	+0.0265	—
U.S. Dollar	US$25.1845	+0.0385	—
Deutschmark	DM50.2038	+0.0445	—
Swiss Franc	SF50.0512	+0.0049	—

Rothschild Asset Management (C.I.)
St Julian's Ct, St Peter Pt, Guernsey. 0481 26741

OC International Reserves Ltd			
Bel Frs (Fin)	[illegible]	[illegible]	[illegible]
Canadian $	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]
French Frs	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]
Japanese Yen	[illegible]	[illegible]	[illegible]
Singapore $	[illegible]	[illegible]	[illegible]
£ Sterling	[illegible]	[illegible]	[illegible]
Swiss Francs	[illegible]	[illegible]	[illegible]
U.S. $	[illegible]	[illegible]	[illegible]

Daily dealings.
For other Rothschild Offshore Funds see Offshore and Overseas section.



هكذا من الأصل